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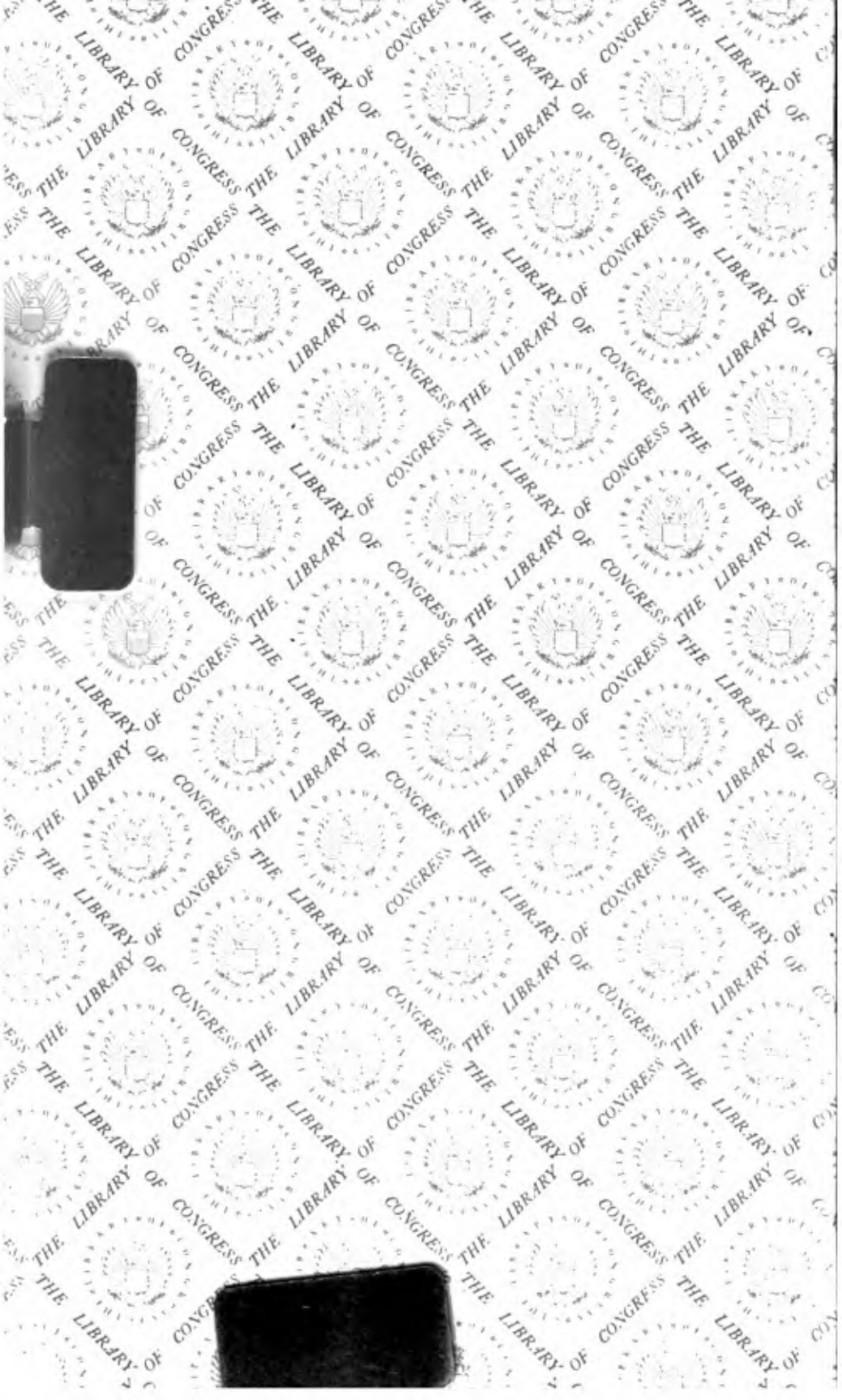
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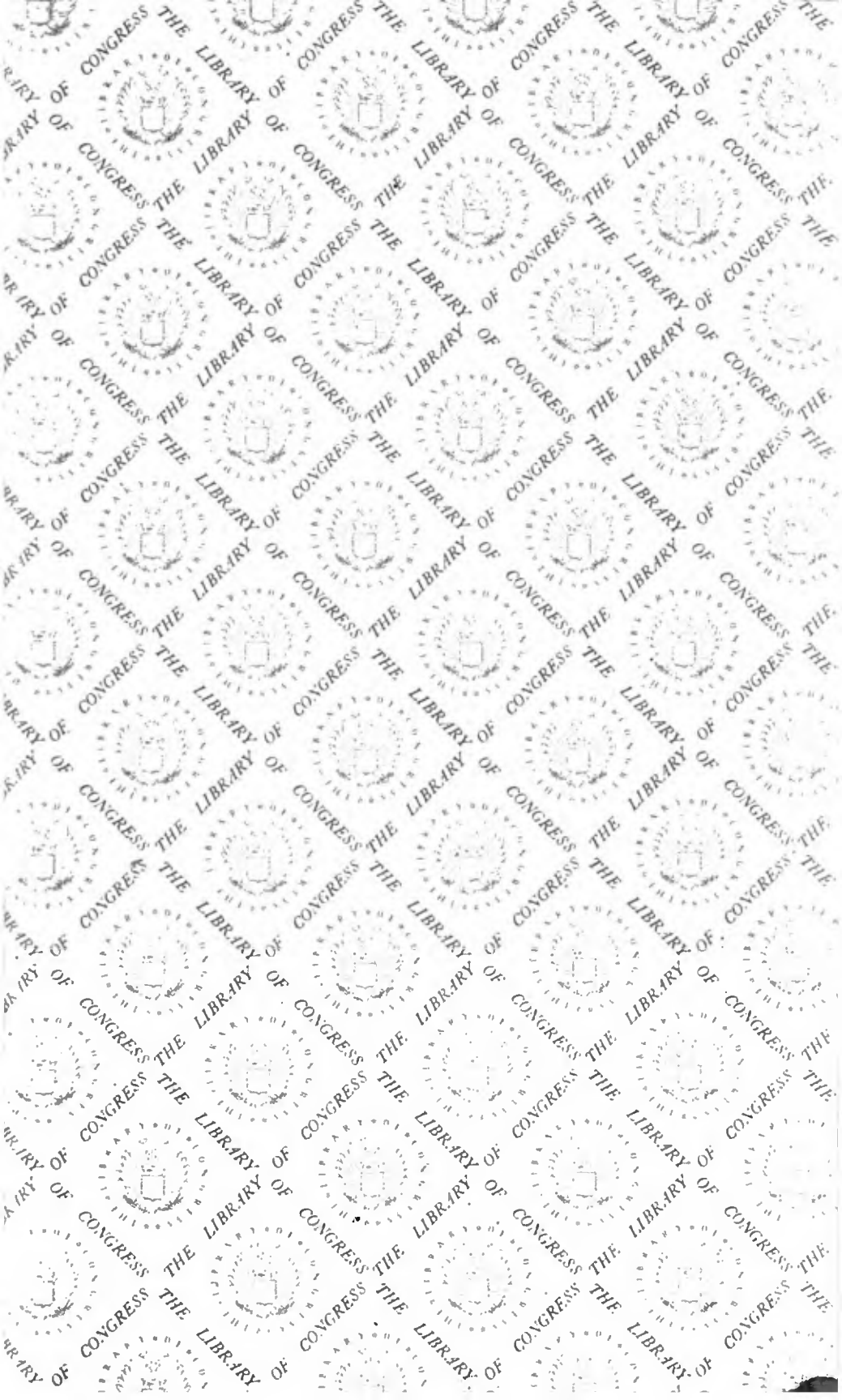
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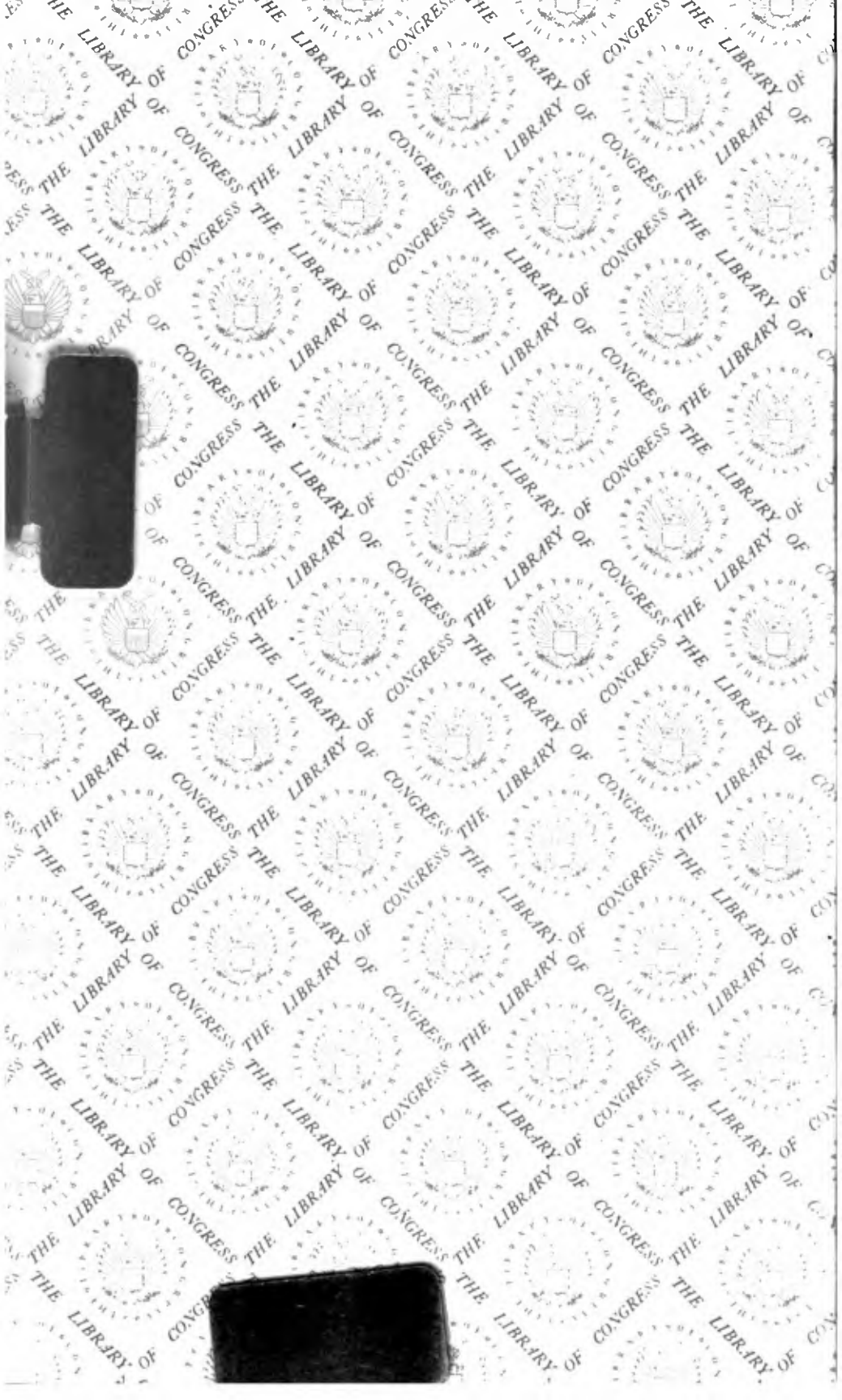
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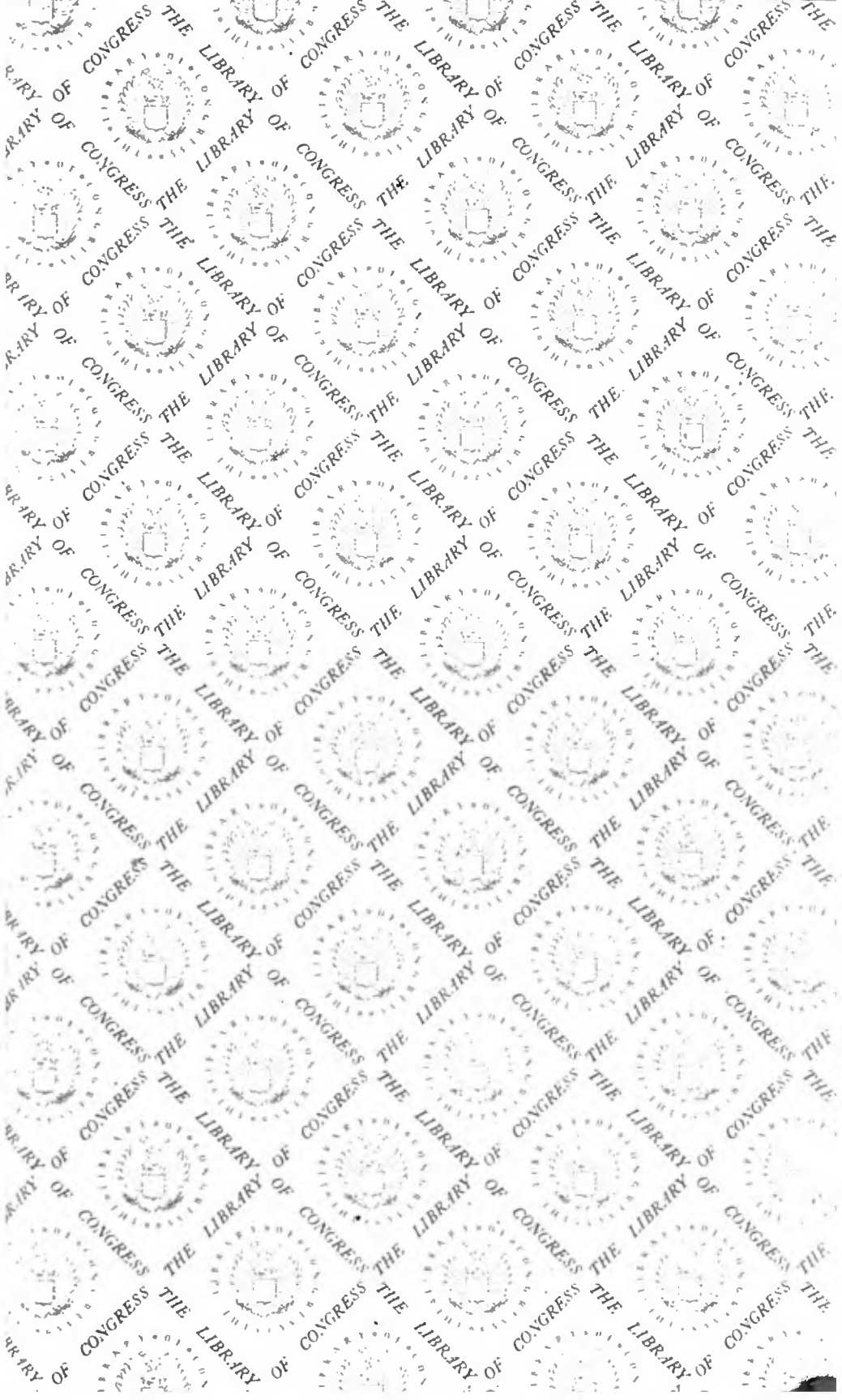
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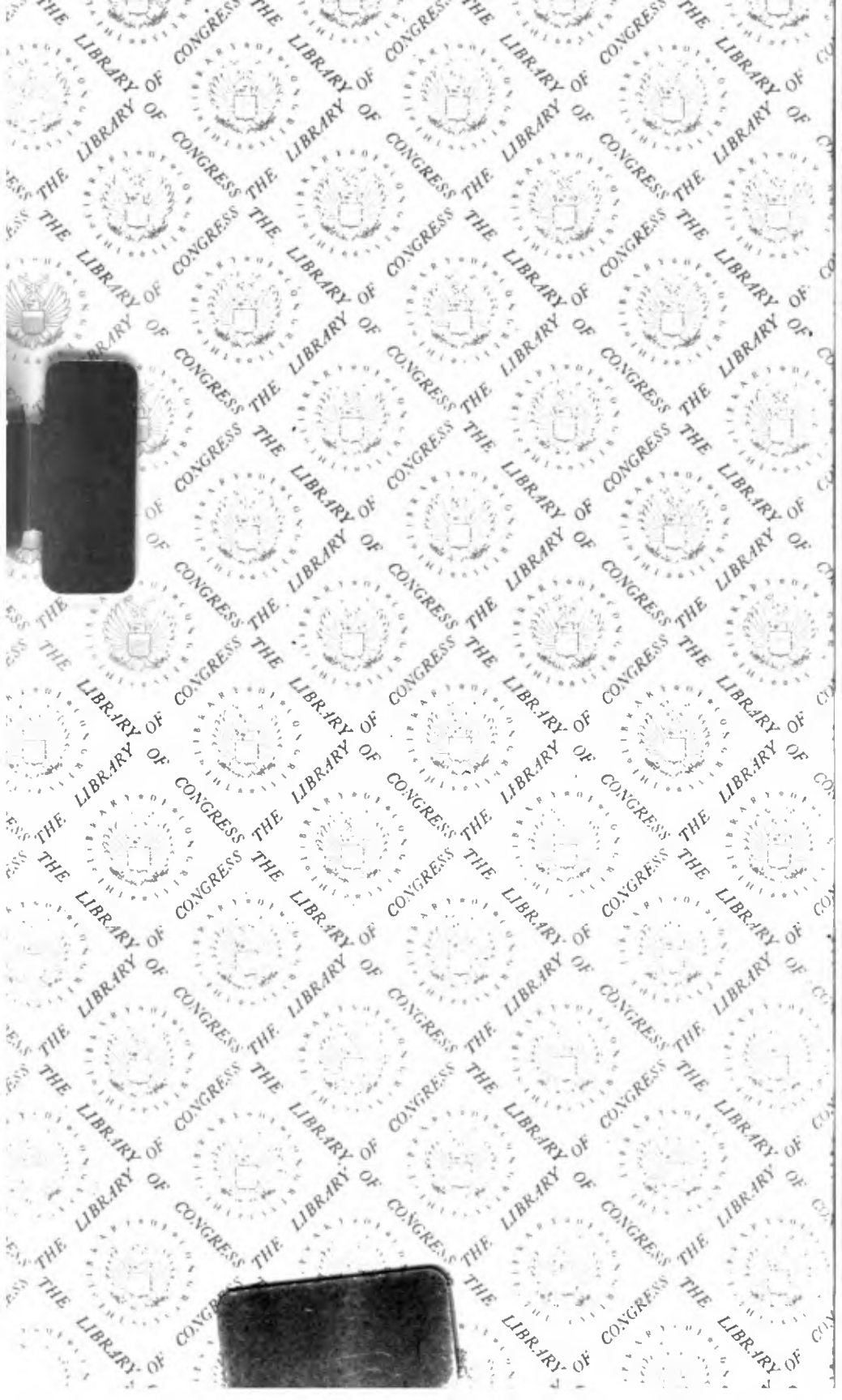
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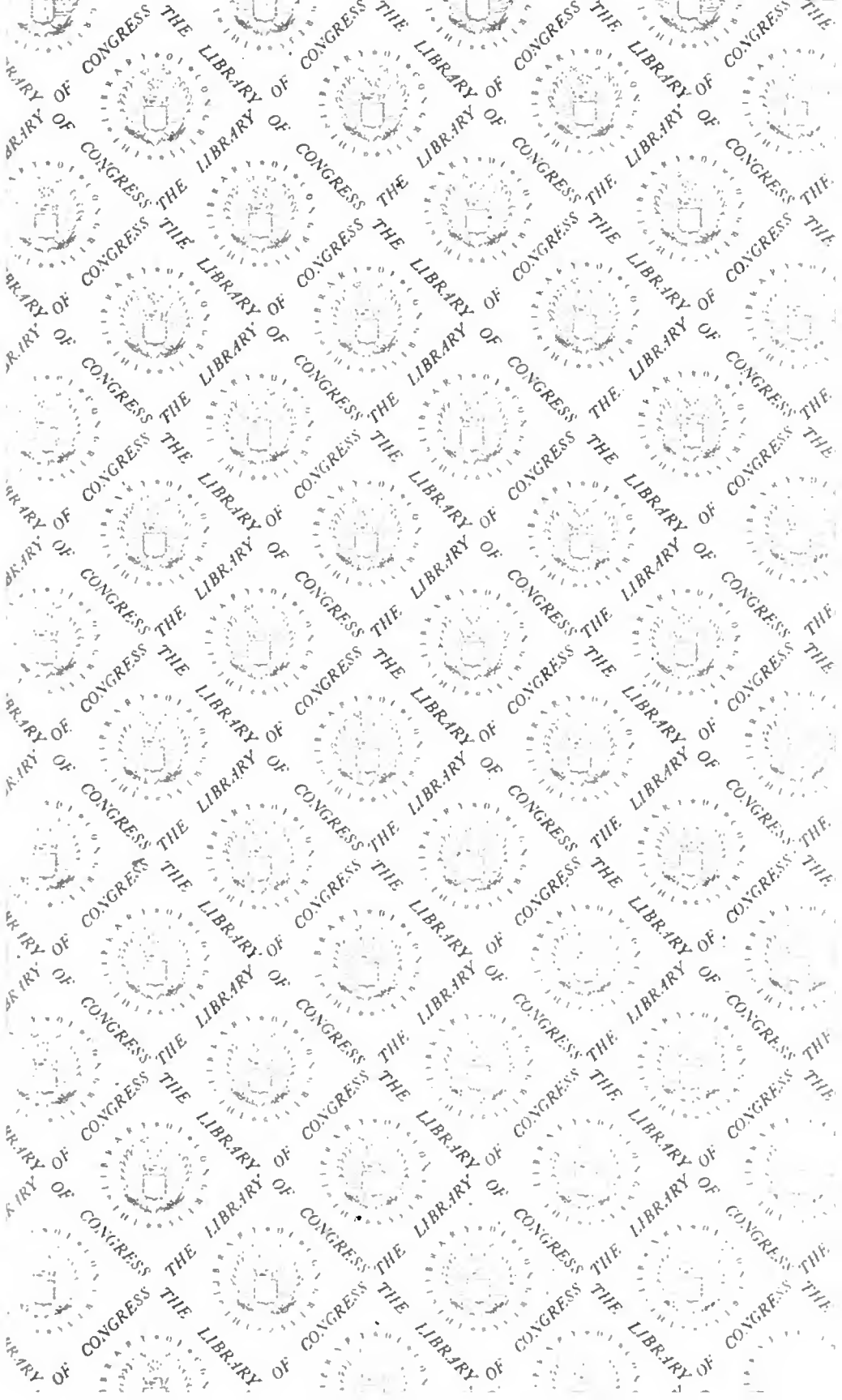
















# CONTRIBUTORY INFRINGEMENT IN PATENTS

## DEFINITION OF INVENTION

### HEARINGS

BEFORE

### SUBCOMMITTEE ON

### PATENTS, TRADE-MARKS, AND COPYRIGHTS

OF THE

### COMMITTEE ON THE JUDICIARY

### HOUSE OF REPRESENTATIVES

EIGHTIETH CONGRESS

SECOND SESSION

ON

### H. R. 5988

A BILL TO PROVIDE FOR THE PROTECTION OF PATENT RIGHTS WHERE ENFORCEMENT AGAINST DIRECT INFRINGERS IS IMPRACTICABLE, TO DEFINE "CONTRIBUTORY INFRINGEMENT," AND FOR OTHER PURPOSES

### H. R. 4061

A BILL TO ESTABLISH A CRITERION OF INVENTION WITH RESPECT TO PATENT APPLICATIONS AND ISSUED PATENTS, AND TO AMEND SECTION 4886 OF THE REVISED STATUTES, AND FOR OTHER PURPOSES

### H. R. 5248

A BILL TO DECLARE THE NATIONAL POLICY REGARDING THE TEST FOR DETERMINING INVENTION

MAY 5, 7, AND 12, 1948

### Serial No. 21

Printed for the use of the Committee on the Judiciary



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# CONTRIBUTORY INFRINGEMENT IN PATENTS AND DEFINITION OF INVENTION

WEDNESDAY, MAY 5, 1948

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON PATENTS OF THE  
COMMITTEE ON THE JUDICIARY,  
Washington, D. C.

The subcommittee met, pursuant to notice, at 10 a. m. in the committee room of the Committee on the Judiciary, Hon. Earl R. Lewis (chairman of the subcommittee) presiding.

Present: Hon. Earl R. Lewis, Hon. E. Wallace Chadwick, and Hon. Kenneth B. Keating.

Also present: Hon. Clifford P. Case.

Mr. LEWIS. The committee has before it for consideration this morning H. R. 5988, a bill to provide for the protection of patent rights where enforcement against direct infringers is impracticable, to define "contributory infringement," and for other purposes. The Committee also has before it two other bills, H. R. 4061 and H. R. 5248, both of which seek to declare the national policy regarding the test for determining invention.

(H. R. 5988, H. R. 4061, and H. R. 5248 are as follows:)

[H. R. 5988, 80th Cong., 2d sess.]

A BILL To provide for the protection of patent rights where enforcement against direct infringers is impracticable, to define "contributory infringement", and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That any person who shall actively induce infringement of a patent shall be liable as an infringer.

SEC. 2. Any person who shall contribute to the infringement of a patent in the manner set forth in section 3 shall be liable as an infringer.

SEC. 3. The sale of a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, if especially made or adapted for use in infringement of such patent, and not suitable for actual commercial noninfringing use, shall constitute contributory infringement.

SEC. 4. The mere sale of any staple article or commodity of commerce not especially made or adapted for use in a patented invention, and suitable for actual commercial noninfringing use, shall not of itself constitute contributory infringement, even though sold with the knowledge or expectation that it will be used in infringement of the patent.

SEC. 5. No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent monopoly because he has done one or more of the following: (a) Derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (b) licensed or authorized one or more persons to perform acts which if performed without his consent would constitute contributory infringement of the patent; (c) sought to enforce his patent rights against infringement or contributory infringement.

[H. R. 4061, 80th Cong., 1st sess.]

A BILL To establish a criterion of invention with respect to patent applications and issued patents, and to amend section 4886 of the Revised Statutes, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 4886 of the Revised Statutes, as amended (35 U. S. C., sec. 31), is hereby amended by adding thereto the following sentences: "When, in any proceeding before any tribunal having jurisdiction to determine the patentability of a claim in a patent application or the validity of a claim of an issued patent, the issue arises in respect to the question of whether the subject matter defined by such claim amounts to invention, that question shall be one of fact and all evidence relevant, competent, and material concerning the question shall be admissible. If the preponderating weight of such evidence shows that the subject matter of the claim complies with the requirements previously set forth in this section and fills a long-felt want, such evidence shall be deemed sufficient to constitute proof that the subject matter of the claim amounts to invention, provided the preponderating weight of such evidence further shows that, prior to such invention, the skill of the art to which the invention appertains had not supplied such want and in its then state of development was unable so to do."

[H. R. 5248, 80th Cong., 2d sess.]

A BILL To declare the national policy regarding the test for determining invention

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 4886 of the Revised Statutes (U. S. C., title 35, sec. 31) is hereby amended to read as follows: "Any person or persons who has or have invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvements thereof, or who has or have invented or discovered and asexually reproduced any distinct and new variety of plant, other than a tuber-propagated plant, not known or used by others in this country, before his or their invention or discovery thereof, and not patented or described in any printed publication in this or any foreign country, before his or their invention or discovery thereof or more than one year prior to his or their application, and not in public use or on sale in this country for more than one year prior to his or their application, unless the same is proved to have been abandoned, may, upon payment of the fees required by law and other due proceeding had, obtain a patent therefor. Patentability of inventions and discoveries, including discoveries due to research, and improvements thereof, shall be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the mental process by which the invention or discovery, or the improvement thereof, may have been accomplished."

Mr. LEWIS. The Honorable Clifford P. Case, of New Jersey, whose bill H. R. 5988 we are considering, is present. Mr. Case, do you have something to present to the committee?

#### STATEMENT OF HON. CLIFFORD P. CASE, A REPRESENTATIVE IN IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. CASE. Mr. Chairman, Mr. Keating, I appreciate your courtesy and kindness in setting down this bill, H. R. 5988, for hearing today. It deals with the question of contributory infringement.

As I think you know, I am not a specialist in patent law. My practice has been general. My knowledge of patents has been based on my reading generally and some work in the field. But as I am not a patent specialist, I would prefer that the committee hear the story about the need for this bill, and the provisions of the bill, largely from the people for whom I introduced it.

The Patent Law Association of the City of New York has done a lot of work on this particular measure. They prepared a draft of

bill which I discussed with their representatives, and finally I introduced.

There is present today Mr. Giles Rich, vice president of the New York Patent Law Association. Also, among others, Mr. Robert W. Byerly, chairman of the patents committee of the Bar Association of the City of New York, is present. The latter association is, of course, a general law association. Mr. Byerly is chairman of the patents committee. Both of them are extremely familiar with the field and, of course, with the provisions of the bill, and with your permission I would suggest that it would expedite matters if Mr. Rich be permitted to testify; then Mr. Byerly, to lay the groundwork for the presentation of the bill.

Mr. LEWIS. That will be done. Mr. Rich?

#### STATEMENT OF GILES RICH, ESQ., REPRESENTING NEW YORK PATENT LAW ASSOCIATION

Mr. RICH. As Mr. Case has indicated, I am here as a representative of the New York Patent Law Association, on behalf of the entire association which is the sponsor of this bill, H. R. 5988.

As Mr. Case also indicated, this bill was actually prepared in the committee on patent law and practice of the association during the year 1946-47. It was worked over for a long time by a number of people. There are something like 14 men on the committee and most of them usually turn out, and we had many meetings on the subject and discussed many preliminary drafts.

Then during the following year, 1947-48, while I have been chairman of that committee, the bill was given further consideration. It was actually discussed at an open meeting of the entire association and had a thorough going over, and the bill you have before you now is the final result of all of those efforts.

On behalf of the association, I have filed a written statement which I would ask to be made a part of the record.

Mr. LEWIS. That may be done.

(The statement referred to is as follows:)

#### MEMORANDUM ON H. R. 5988 (80TH CONG., 2D SESS.), SUBMITTED BY THE NEW YORK PATENT LAW ASSOCIATION

The purpose of the bill is to restore the stimulus of the patent system to large and important fields of inventive effort which have, in practical effect, been placed outside the patent law by recent decisions of the Supreme Court abolishing effective protection against contributory infringement.

The doctrine of contributory infringement is nothing more than the application to the patent law of the general legal principle that one who causes a wrong is as guilty as one who actually does the wrong with his own hands. The doctrine makes responsible to the patentee not only one who actually infringes the patent, but also one who directly causes infringement of the patent. Where a patent is being infringed by a large number of scattered individuals all of whom have been caused to infringe by the same person, the practical way to stop the infringement is to sue the man who caused the infringement, rather than the multitude of persons who are infringing. In the case of many chemical inventions and inventions relating to radio, television, etc., a suit for contributory infringement is the only practicable way of enforcing the patent.

The Supreme Court, in its zeal to prevent the abuse of patents, has wholly, or in large part, wiped out the doctrine of contributory infringement and thus deprived these classes of invention of patent protection.



## CONTRIBUTORY INFRINGEMENT DOCTRINE

The doctrine of contributory infringement has been part of our patent law for more than 70 years. It has been applied to enjoin those who sought to cause infringement by supplying someone else with the means and directions for infringing a patent. One who makes a special device constituting the heart of a patented machine and supplies it to others with directions (specific or implied) to complete the machine is obviously stealing the benefit of the patented invention. It is for this reason that the doctrine of contributory infringement, which prevented stealing another man's patented invention in this way, has been characterized by Mr. Justice Frankfurter as "an expression both of law and morals" (320 U. S. 677).

## SUPREME COURT DECISIONS

Some of the decisions of the Supreme Court which have destroyed this doctrine and legalized such stealing of inventions are the following: *Carbice Corp. v. American Patents Development Corp.* (283 U. S. 27 (1931)); *Leitch Mfg. Co. v. Barber Co.* (302 U. S. 458 (1938)); *Mercoid Corp. v. Mid-Continent Investment Co. and Mercoid Corp. v. Minneapolis-Honeywell Regulator Co.* (320 U. S. 661, 680 (1944)). In these decisions, and particularly in the *Mercoid* cases, the Supreme Court has abolished the patentee's right to effective protection against contributory infringement. The Court did this, not by attacking the doctrine directly, but by making it illegal for a patentee to obtain the benefit of this doctrine.

The Supreme Court had previously held that a patentee could not extend the scope of his patent monopoly by contracts which gave monopolies on other things. No one questions the correctness of those decisions. The extension of those decisions to abolish the doctrine of contributory infringement is, however, quite a different matter.

A necessary effect of the doctrine of contributory infringement, which had been part of our patent law for more than 70 years, is to give a patentee the right to exclude others from doing acts which would constitute contributory infringement of his patent if done without his permission. The patentee's inherent exclusive right to exclude others from practicing his invention piecemeal is like the main exclusive right given by a patent to prevent practice of the whole invention in that it does not deprive the public of anything which the public had before the invention was made. One who makes a special device constituting the heart of a patented combination and supplies it to others with directions to complete the combination, or with the expectation and intent that it will be completed, is in effect stealing the benefit of the patented invention. To enjoin him from doing this does not deprive him of anything which he could do before the combination was invented. So also, one who supplies a hitherto unused chemical to the public for use in a new method is stealing the benefit of the discovery of the property of this chemical which made the new method possible. To enjoin him from distributing the chemical for use in the new method does not prevent him from doing anything which he could do before the new property of the chemical had been discovered.

Thus, the incidental right which all patentees have received in the past as a result of the doctrine of contributory infringement stands on the same basis as the patentee's general right to sue infringers of his patent and is not a detriment to the public.

Yet the Supreme Court has destroyed this incidental right, which is necessary both in law and in morals to prevent the stealing of some patented inventions, by confounding it with unwarranted extension of the patent monopoly obtained by an illegal contract.

## THE NEED FOR THE STATUTE

The need for a statute reviving the expression of law and morals contained in the doctrine of contributory infringement is apparent from the effect of the Supreme Court decisions. By them, two important classes of invention have been taken outside the protection of the patent law.

*Discovery of new uses.*—"Discoveries" by inventors are the only subject matter of patents mentioned in the constitutional provision on which our patent law is based.<sup>1</sup> The finding of a new and unsuspected property of an old thing or substance which enables it to do something which could not before be accomplished is a type of discovery which in the past has done much to promote the useful arts. Such discoveries by inventors have long been protected by method or process patents under the provisions of the statute permitting the patenting of new arts.

<sup>1</sup> See *Gillman v. Stern*, 114 F. (2d) 28, 30.

In chemical research, a new and commercially important result is not infrequently obtained by the use of chemical compounds which have previously existed but have not been put to any practical use. A chemist seeking to solve some practical problem may discover that the result which he is seeking may be achieved by the use of a chemical compound which has a peculiar property not previously suspected. The practical importance of his discovery, and the practical advance which he has made in the art, are not affected by the question of whether or not the required chemical compound had previously been made. In view of the many years of diligence of German chemists and chemical students in making in their laboratories innumerable chemical compounds, regardless of any possible value to the compounds, it is altogether probable that, after a modern chemist has discovered how to solve a practical problem by the use of an unknown property of some chemical, he will find somewhere in the chemical literature a description of the compound which he has found necessary for this purpose. Under these circumstances, the patent which he obtains must be in the form of a process or method.

Before the recent Supreme Court decisions, such patents could be effectively enforced under the doctrine of contributory infringement, since anyone who manufactured and distributed a chemical for the sole and obvious purpose of causing infringement of a method patent is clearly a contributory infringer of the patent.

Under the recent Supreme Court decisions, new-use inventions which are most widely used, and therefore most important, are, as a practical matter, placed outside the protection of the patent law. The decisions prevent the patentee from obtaining relief against the person who is guilty of causing infringement of the patent and leave him only the right to recover against innocent members of the public who have been induced to use the patented process. Thus, the effect of the decisions is to protect the guilty and encourage suits against the innocent. As a practical matter, no patentee can afford to attempt to protect to protect his invention by suing all the innocent members of the public who have been induced to use it. Thus, those who have made new-use inventions receive no reward for the advance which they have made in the art, and the stimulus of the patent system is withdrawn from this class of inventions.

*Combination patents.*—Improvements in such arts as radio communication, television, etc., sometimes involve the new combinations of elements which in use are normally owned by different persons. Thus, a new method of radio communication may involve a change in the transmitter and a corresponding change in the receiver. To describe such an invention in patent claims, it is necessary either to specify a new method which involves both transmitting and receiving, or a new combination of an element in the receiver and an element in the transmitter. There are patents with such claims covering television inventions of importance.

The recent decisions of the Supreme Court appear to make it impossible to enforce such patents in the usual case where a radio transmitter and a radio receiver are owned and operated by different persons, for, while there is obvious infringement of the patent, there is no direct infringer of the patent but only two contributory infringers. Under the *Mercoid* decision, the patentee cannot enforce the patent against either of the two contributory infringers without running the serious risk of being accused of attempting to establish a monopoly of something which constitutes only a part of the invention claimed. Furthermore, under this decision, the patentee cannot license either a transmitter manufacturer or a receiver manufacturer to make transmitters or receivers for carrying out his new method of radio communication without subjecting himself to the charge of misuse of the patent.

If the decision in the *Mercoid* case should be carried by the Supreme Court or any other court to its logical conclusion, it would render practically unenforceable many combination patents. This is, in effect, intimated in the opinion of Mr. Justice Jackson (320 U. S. 679-680); no doubt without knowledge of the fact that combination patents constitute the great majority of all patents. While it is now customary to manufacture and sell most patented combinations as complete units, it would, in many cases, be a simple matter for one who wished to obtain the benefit of such a patent without liability to the patentee to sell the patented combination minus some minor part which the purchaser could obtain elsewhere, thus leaving the patentee with no right to sue for infringement except against the ultimate user.

To summarize: The recent Supreme Court decisions have, in effect, placed outside the patent system the field of widely used new-use inventions which are particularly important in chemical research, and the field of combination inven-

tions where the parts of a combination are physically separated, which is particularly important in radio research. Furthermore, these decisions have rendered doubtful the enforceability of many of the very large class of patents which contain combination claims.

#### THE PROPOSED STATUTE

After expressly reviving the doctrine of contributory infringement (secs. 1 and 2), the statute by inclusion (sec. 3) and exclusion (sec. 4) specifically defines acts which do and do not constitute contributory infringement. The definition of contributory infringement contained in the statute is somewhat narrower than that generally applied by the courts before the Supreme Court decisions referred to. It confines actionable contributory infringement to acts which obviously and inevitably constitute the stealing of a patented invention which both in law and morals must be prevented if patent property is to enjoy the protection given other property.

Section 4 of the statute definitely prevents the doctrine of contributory infringement from being applied to interfere with ordinary commerce. It leaves unrestricted the sale of any staple article or commodity of commerce which is not specially adapted for use in a patented invention and is suitable for noninfringing use. This is in accordance with the law of contributory infringement as generally applied before the recent Supreme Court decisions:

"We incline to the opinion that the line should be drawn to include those articles which are either parts of a patented combination or device, or which are produced for the sole purpose of being so used and to exclude the staple articles of commerce" (*Individual Drinking Cup Co. v. Errett*, 297 Fed. 733, 738, C. C. A. 2, 1924).<sup>1</sup>

Section 5 of the statute is of great importance since it provides that the mere use or enforcement of the right to be protected against contributory infringement which under our law has long been inherent in every patent, shall not be regarded as misuse of the patent. Section 5 thus does away with the ground on which the Supreme Court has destroyed the doctrine of contributory infringement. In view of the indirect way in which the Supreme Court has attacked the doctrine of contributory infringement, section 5 is essential to make the rights against contributory infringers which are revived by the statute practically useful and enforceable.

#### CONCLUSION

It seems probable that the Supreme Court's destruction of the doctrine of contributory infringement resulted merely from a confusion of ideas in attempting to prevent the abuse of patents. However, the confusion has proceeded so far that it is time Congress stepped in to remedy the situation.

Mr. RICH. As the first witness on this bill, I do not propose to refer to that statement, but to take this opportunity to be of assistance to you, if I can, and lay the foundation for your better understanding of this bill. Mr. Byerly, who is going to testify after me, I hope, and I might say that he is one of the principal architects of this bill, having been on this committee which drafted it originally, is going to discuss the details of the bill and its specific provisions which I shall therefore not cover myself in order to economize your time.

Now, it seems to me, attempting to look at this bill objectively as one who was not intimately connected with patent law would do, that in order to understand it you have to comprehend three particular aspects of patent law. The first aspect is infringement and, more particularly, contributory infringement. What is it?

The second aspect is the peculiar significance of patent claims in the American patent system.

The third aspect is, what has come to be known as the "misuse doctrine," a doctrine which has arisen from Supreme Court decisions in the years following 1931.

<sup>1</sup> This recognized limitation on the doctrine of contributory infringement affords a simple way of sustaining the result reached in the *Leitch* case, since the bituminous emulsion which the alleged contributory infringer was selling was, according to the Supreme Court, "an unpatented staple article of commerce produced in the United States by many concerns and in common use by their customers for many purposes" (302 U. S. 460).

Now, the first two questions, infringement and patent claims can be considered together because they are independent and different aspects of the same question.

Every patent, as you know, has one or more claims. In fact, each claim of a patent which has more than one claim can be considered as a separate patent. Those claims define the protection which the patent actually grants to the patentee. The specifications and the drawings describe what the inventor has done and what invention he has actually made. But notwithstanding what is described there, he is protected only in what is claimed. Now, the claims have been likened to a fence put around a field within which the patentee has protection and outside of which he has no protection. If accidentally, intentionally, or for any other reason this fence is put around a smaller area of territory than he is entitled to, he gets only what is within the fence.

The Supreme Court has likened claims to a description of real property in terms of metes and bounds.

Fairly rigid rules have also evolved as to the interpretation of patent claims. This is where the trouble comes in. To give you one example, if a claim calls for a combination of old elements, a combination of A, B, C, and D, and if the alleged infringer merely makes A, B, and C all put together, the decision necessarily is, under the law, he has not infringed the patent because he has omitted one element, D.

Now, it soon became evident under that rule of interpretation that injustice would be worked in many cases, and such a situation arose in what is believed to be the first case of contributory infringement in this country, which I would briefly like to explain to you because it is a beautiful example of the whole problem. That case arose in 1871 and it is very easy to comprehend because you can picture the whole situation.

The invention was a kerosene lamp and you all know what a kerosene lamp looks like, the same old lamp you had out in the country or on the farm with a glass base, with the kerosene in it, and a burner mechanism on top of it that held the wick and holds the chimney, and the chimney on top of that. Now there is a combination of elements. The invention was in the burner mechanism, a new and improved burner mechanism for kerosene lamps. The claim described a new kerosene lamp and included in that claim was the base, the mechanism, and the chimney. The defendant made the entire lamp and sold the entire lamp but he sold it without the chimney, and when he was sued for infringement he said, "But I have not infringed because your claim includes the chimney as an element and what I sell does not have any chimney and therefore there is no infringement." Well, the court was not greatly troubled to decide that case in favor of the plaintiff and they said what this defendant has done is a virtual infringement and we hold him liable. That was the first case of contributory infringement.

Mr. KEATING. Did someone else sell the chimney?

Mr. RICH. Of course, the lamp was put out in the store. The practice in the trade was to sell lamps without chimneys and people who bought lamps put chimneys on them they bought in the same store or had at home or got anywhere they liked, and they were constantly replacing chimneys as they got broken. It would be like selling a bicycle without the tires, although that is not customary.

Now, you would probably agree that that was an altogether just and practical result, and over a considerable period and probably as late as 1938, the Supreme Court has felt the same way and they have quite clearly indicated that feeling in some of their decided cases.

But believe it or not, according to the latest pronouncements of the Supreme Court, it seems to us abundantly clear that the Court would be compelled by the logic of its own decisions to say with respect to this kerosene lamp situation, "this patent covers a complete lamp, including a chimney, and if the patentee is seeking to utilize its patent to monopolize only a part of what its patent covers, that is, the entire lamp except the chimney, it is attempting to monopolize something outside the scope of its claims and hence outside of the protection granted to it, and this is a misuse of the patent."

Mr. LEWIS. Is there any such pronouncement by the Court?

Mr. RICH. We believe there is and I am coming to that case at the proper point, which is at the end of this explanation of what has happened historically. It is the *Mereoid* case.

Mr. KEATING. In this recent case, did they expressly refer to the kerosene lamp case in their decision?

Mr. RICH. No, they did not. They referred to a parallel situation in another case, *Leeds and Catlin v. Victor Talking Machine Company*, which involved the Berliner invention, which came to be known as the Victrola, a new type of phonograph at that time. If when I get to that point you would like me to explain the Leeds and Catlin case, I would be glad to do so, but I could explain dozens of cases if I were afforded the entire morning to testify. I am trying to give you a brief survey.

Now, as I said, the Court under its latest pronouncements would say this was a misuse of the patent and so long as there is misuse, the plaintiff is estopped to enforce his patent against anybody, against contributory infringers and even against direct infringers. This misuse doctrine is a particular aspect applied to patent law of the equity maxim "he who comes into court must come with clean hands," and they say if you are misusing your patent, you do not come in with clean hands and we will not give aid to you in your suit.

Mr. LEWIS. That really eliminates the patent.

Mr. RICH. Temporarily and so long as the misuse continues, they have indicated that the patentee can perhaps correct the situation and wash his hands and put himself back into a position to enforce his patent. It does not invalidate it. It merely takes away from the patentee the protection that the courts will afford to him.

Mr. KEATING. Has the "clean-hands doctrine" always been recognized in patent law?

Mr. RICH. So far as I know, these misuse cases are the first time that it has actually been applied.

Mr. KEATING. My question is, is the "clean-hands doctrine" a part of patent law or is this misuse phase of it a new application of the clean-hands doctrine?

Mr. RICH. I would say misuse is a new phase. I would not like to state categorically that no equity court had ever applied unclean-hands doctrine in a patent case before this misuse business arose. As a matter of fact, in the first case deciding this misuse business, no mention was made of the doctrine of unclean hands. It was quite apparent that that is what it was and it was mentioned shortly there-

after by the Supreme Court in a later case of misuse, making it clear that that was the basis of the decision.

Now, going back to this question of contributory infringement, I would point out that this 77-year-old doctrine is not quite so simple as you might think it is just from considering this kerosene lamp case. One hundred years ago the Supreme Court defined patent law to be the most metaphysical branch of modern law, and I would say that contributory infringement is the most metaphysical branch of patent law.

During the period 1896 to 1912, the contributory infringement doctrine was greatly expanded, primarily by the lower courts, and ultimately by the Supreme Court itself in 1912 in the Dick case. By 1917, 5 years later, the Supreme Court for the first and only time in patent law found that it was obliged to overrule one of its own prior decisions, specifically in the motion picture patents case which overruled the Dick case. But during this 21-year interval between 1896 and 1917, business had become so accustomed to this expanded application of the doctrine of contributory infringement that all sorts and kinds of practices arose in which a variety of restrictive arrangements were hung on to the patent right and the momentum of that business practice was so great that it was almost impossible to stop it even when the Supreme Court reversed itself.

So it is not surprising to find that, in the period 1913-44, a series of cases came to the Supreme Court in which it evolved this misuse doctrine, a doctrine which originally seemed all right, although every case which puts limitations on the patentee excites a certain amount of fury on the part of some members of the patent bar. The early decisions in cases of misuse seem to us now to have been just, although there is not entire agreement on that; but we now feel that this doctrine has been carried too far—so far that it is or has practically eliminated from the law the doctrine of contributory infringement as a useful legal doctrine; and its elimination has deprived patentees of any practical way to enforce or utilize their patent rights in many kinds of inventions.

Now, I have told you about the first case of contributory infringement; by contrast I would like now to tell you about the first Supreme Court decision on the subject of misuse. That is the Carbice case. These misuse cases are referred to in our formal appeal. The substance of the Carbice case was this: The plaintiff had a patent on a transportation package for ice cream or other foodstuffs and in the middle of this package was a quantity of what is popularly known as dry ice, solid carbon dioxide, and the claim in this patent which was taken as typical by the court, covered a combination of elements, including the exterior package of heat insulating material, the arrangement of foodstuffs in the package, and in the center this quantity of refrigerant which was solid carbon dioxide, a material which had been known for over 80 years, according to the Supreme Court, and its properties as a refrigerant were known.

The business of the plaintiff who owned this patent was selling dry ice, nothing more, and the method of its doing business was that if you bought the dry ice from him, you had a license to use this patented package, and if you bought dry ice from his competitor, you did not have a license to use it. Now, what the defendant in the case did was to sell dry ice in competition with the plaintiff to people that he

knew perfectly well were using this patented package. So the patentee, a seller of dry ice, sued his competitor, a seller of dry ice, for contributory infringement in knowingly selling dry ice to people who used his invention. It was an ice cream manufacturer who shipped his ice cream in these packages. What the plaintiff wanted was that he should buy all his dry ice from him and not from his competitors and the unanimous Supreme Court held that this use of the patent to monopolize the sale of all the dry ice used in these packages was a misuse of the patent which barred the plaintiff from recovery, an unclean-hands situation.

Mr. KEATING. In patent law, there is nothing which says that a man is forced to license anyone, is there? Can't he license one or more or as many as he wants to use his product?

Mr. RICH. That is true.

Mr. KEATING. That was a unanimous decision?

Mr. RICH. Yes, and what you have just stated, of course, was one of the manufacturer's arguments. I do not have to license anybody. Therefore, I can license people to or on any condition I see fit to impose, including that they shall buy this refrigerant from me.

Mr. KEATING. It was admitted that the man knew that this refrigerant was going into a package which was definitely a violation of the plaintiff's patent, is that right?

Mr. RICH. It was. In fact, the defendant had originally bought its dry ice from the plaintiff, used it in these packages and had no doubt a supply of these packages and switched his business to a competitor; probably he got it at a lower price. This was in the Supreme Court in the year 1931.

Now, it is important to note in that case the Court did not say that the defendant was not a contributory infringer. They did not care what the defendant was. They said, "The plaintiff cannot recover because of what the plaintiff is doing." That is a point on which many people get tripped up and for a long time it was not entirely appreciated.

Mr. KEATING. Did they enunciate that as definitely as the so-called clean-hands doctrine?

Mr. RICH. As I said before, they did not in this case refer to it as an unclean-hands doctrine.

Mr. KEATING. Was that the first case where a misuse of patent had been the basis for denial of a recovery?

Mr. RICH. I believe it was. Prior to this case, nobody had ever heard of such a doctrine as the misuse of patents. The actual words of the opinion in the Carbice case, on which the decision is founded, are worth noting. There is one sentence which reads as follows:

Relief is denied because the Dry Ice Corp. is attempting without sanction of law to employ the patent to secure a limited monopoly of unpatented material used in applying the invention. That is the entire basis for the decision.

That is the entire basis for the decision.

Now, following the Carbice case, several other cases came to the Supreme Court in which they also applied the doctrine, taking these cases up on certiorari, because they wished to apply it, until finally in 1944 we come to the *Mercoid* cases. They were a pair of cases involving parallel situations and they differed from the previous misuse cases in one all-important aspect. That was that the things that the plaintiff was selling and the defendant was selling were the



same sort of things; had no other use than in the patented invention, a combination patent, again. When those things were put into use in their intended way, infringement of the patent would necessarily result, a very different situation from the Carbice case where dry ice was known for 80 years and could be used for all sorts of refrigerating purposes, utterly unrelated to the patented invention.

Now, in the Mercooid cases, the court assumed that the defendant was a contributory infringer. They specifically so stated. But then they said that where there is a collision between this doctrine of contributory infringement and the misuse doctrine, the latter must prevail. They did not do anything with contributory infringement, looking at the matter academically. It still existed as a doctrine but it was sort of like a balloon that had been blown up beyond its capacity and burst. There it was, you still had the same amount of rubber and you could say, this is a balloon, but you cannot do anything with it anymore; and they also said, as to contributory infringements, what residuum may be left we need not stop to consider.

Now, as to the justice of the result in the Mercooid cases on the records that the court had before it, I do not wish to make any comment. We are not really concerned with that matter so much as the effect of what the Supreme Court said on the law, and there is no use in going behind what they said and the premises that they laid down for their decision to see whether one party or the other in these particular cases should have won.

Mr. Justice Jackson in his dissent said, as far as the parties are concerned, "It seems to me a case of the pot calling the kettle black."

So our view, and we set to work to draft this bill, was that contributory infringement as a useful doctrine is dead and with it the enforceability of many perfectly valid and very useful patents. The bill was designed to correct this situation without giving sanction to practices such as those in the Carbice case. The only criticisms that I have heard of this bill, except one criticism from a representative of the Mercooid Corp., is that it does not go far enough. But I would like to end with a word of warning on that score. To those who would like to push this bill too far, there are people who would like to go way back to the wide-open wild-west days of contributory infringement when you could hook anything onto a patent in the way of restriction and cover all sorts of unpatentable and unpatented supplies and materials by straight tying-in propositions, selling a man a machine and making him buy from you all material that it consumed, and things of that kind.

But, and I put this forward as a personal warning and not on behalf of the association, though I think many of the people in it would agree with me, if you push this bill too far, you will plant in it, in the law which results from it, the seeds of its own destruction, just as happened before when the courts pushed contributory infringement too far and public sentiment forced them into a reversal of their own position and as has happened to other pieces of legislation.

We think that this bill strikes a proper balance between the field of the patent law on the one hand and the field of general law in which antitrust laws operate on the other hand; and we have pondered this bill for a long time.

In closing, I would like to say that this is a subject on which Congress has never before legislated and I would remind you of Mr.

Justice Black's statement in his concurring opinion in the *Mercoid* cases where he says,

If there is such a wrong as contributory infringement, it must have been created by the Federal Patent Statutes.

He said he could not see what the law of torts had to do with the question.

Mr. KEATING. The law of torts is the basic part of patent law, is it not?

Mr. RICH. Infringement is considered to be a tort and contributory infringement is a specific application to patent law of the law of joint tortfeasor where two people somehow together create an infringement which neither one of them individually or independently commits. I think it would be well to conclude with a quotation from Mr. Justice Taft, in a case decided at a time when he was a circuit judge. It is the case of *Thompson-Houston Electric Company v. Ohio Brass Company* (80 Fed. 712, 721, 1897).

Speaking of this law, of joint tortfeasors, he says,

If this helpful rule is not to apply to trespass upon patent property, then, indeed, the protection which is promised to inventors is a poor sham. Many of the most valuable patents are combinations of non patentable elements, and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, make it possible for others to assemble and use the combination and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights.

Mr. LEWIS. Thank you very much, Mr. Rich.

The next witness is Mr. Byerly.

#### STATEMENT OF ROBERT W. BYERLY, CHAIRMAN, COMMITTEE ON PATENTS, THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

Mr. BYERLY. I am here on behalf of the Association of the Bar of the city of New York which, as you know, is an association of lawyers in all branches of law. That association has a committee on patents which is authorized to deal with legislation, that is to prepare or express our opinion in regard to legislation as regards patents. That committee is not composed exclusively of men in the patent field. That is, it has a couple of general lawyers on it so that it is a little more inclusive than the patent association committees. The patents committee of the Bar Association has voted unanimously to approve this bill and urge its passage.

Mr. KEATING. Who are the members of the committee who are not lawyers, Mr. Byerly, not patent lawyers?

Mr. BYERLY. Mr. Turner, who is with the private firm in New York is in general practice and Mr. Van Size, who is in Mr. Cale's firm in New York, both of which are general firms, and therefore brought into this discussion general legal principles apart from specific principles of patent law. I mention that to show that the appeal of the bill is not limited to those who specialize in patents.

The fundamental purpose of the bill, I think, is to clarify a very dangerous situation which exists in the law as a result of the decision in the *Mercoid* case. In that case, as Mr. Rich has told you, the court was very indefinite as to what it had done to the law of contrib-

utory infringement. The principle opinion of Justice Douglas said that it is obvious that this decision has greatly limited the law of contributory infringement and whether any residuum remains we do not pause to inquire.

Now that rather cryptic expression has led to a great deal of conflict. We have had some courts that, since that decision, have actually granted injunctions against contributory infringements. Other courts have said that the mere bringing of suit for contributory infringement constitutes unclean hands and throws a man out of court. We have had the Court of Appeals of the Sixth Circuit consider the matter very carefully and come to the conclusion that there was absolutely nothing left of the doctrine of contributory infringement.

Now that conflict and confusion in the law is a serious matter and concerns more than the law of patents because it is fairly obvious that if a patentee goes outside of the rights given by his patents and tries to monopolize something else, he is violating the anti-trust law. So now we have a curious situation where a patentee, thinking perhaps that he is acting under this residuum under the law of contributory infringement, makes some arrangement perfectly logical from his point of view of enforcing his patent, such as suing somebody who has the heart of his invention and sells it to somebody else to use in the invention; yet if he has made a mistake about that he not only prevents his patent from being enforceable but he may find himself prosecuted under the anti-trust laws.

Mr. KEATING. Has any such case arisen yet where somebody was prosecuted for bringing an action in contributory infringement?

Mr. BYERLY. In the Mercoide case itself the courts gave counterclaim for triple damages under the anti-trust law. In that case the plaintiff had not merely brought the action for contributory infringement but the only other things it does is something which followed necessarily as the patentee's right from the doctrine of contributory infringement. That is, he had waived his right of contributory infringement against some people for a royalty. He has granted licenses to another man to sell the part of his invention to people to use the invention. You see, if you have a law of contributory infringement, it would seem necessarily to follow that you can either bring suit to stop one who is guilty of contributory infringement or, if you prefer, you can license him to do what he is not otherwise entitled to do and that was the granting of a license of that sort in addition to the bringing of the suit that occurred in the Mercoide case and which was said there to involve violation of the anti-trust laws, which seems to me a rather remarkable decision and certainly one that involves danger. If it is true that that decision does away entirely with the law of contributory infringement, then all sorts of channels are open for stealing inventions legally. Nowadays when you sell a patented machine, you usually sell all of it put together, that is the normal thing to do. But it is very easy for one who wishes to steal the invention without paying for it to sell it minus some part which happens to be the part mentioned in the claims which was necessary.

You see, in a claim you have to describe everything to make an operated machine. That is the rule of the patent office. Supposing a man wants to get a benefit out of my invention, my patented machine. He makes a machine just like it but he leaves off some part which is essential to its operation, but it may be a small part you can

buy in a hardware store and then the only infringer is the user of the machine, the man who brings the extra part and puts it together. He is the infringer. But there may be thousands of them if it is an article for household use, for example. And there is no practical way in which the patentee can stop that sort of thing unless he stops the man who is what we have always considered a contributory infringer because he initiates the whole thing by putting the main part of the combination in the hands of someone else to complete it.

Mr. KEATING. Mr. Rich told us of the kerosene lamp case. Do you agree with his statement that the effect of the Mercoide decision would be that if the same facts were presented to the court today, they would reach a different conclusion in the kerosene lamp case?

Mr. BYERLY. I think that is necessarily so because they overruled a decision of their own, the Leeds and Catlin case, which was very much like the lamp case. In that case there was a patent on a phonograph as a combination of the disc and mounting of the needle that engaged the disc. The invention consisted in the making the groove in the wedge sinuous instead of going up and down. In order to do that you had to mount your needle in the sound box in a different way to play that disc. Now that patent was a combination on the needle mount and the disc with that groove. In the Victor case the court allowed the owner of that patent to enjoin others from selling the disc to people who already had the machine so that they individually were putting together the patented combination.

Now the Supreme Court actually affirmed the grant of injunction to prevent that, which is very much the same thing as in the lamp case. The man was selling the burner to be used with the chimney and he was enjoined from doing that on the ground he was contributing to the infringement by the householder who merely bought the chimney and put it on, so that it seems to me that that case was reversed just about as the Victor case was by the Mercoide decision.

Mr. KEATING. The Victor case was expressly reversed?

Mr. BYERLY. Yes.

Now, in the Victor case there was no license or contract of any sort. The Victor Co., however, or whoever was its predecessor at that time, brought suit against people who were selling records just like they had put into their machines, and the Supreme Court said in substance "our decision is we would have reached a different conclusion in that case," which is tantamount to overruling it as far as I can see.

There is another class of case; I will just refer to that briefly before I get to the language of this bill, and that is the case of tie-in clauses which have nothing to do with contributory infringement. For a time, you could sell a man a machine and say as a matter of contract: "You are not licensed to use this unless you buy supplies for it from me."

Now, that has been definitely disapproved under the anti-trust laws and that principle, I think, is completely dead and we certainly have no intention of reviving it.

I think the problem in passing the law now is to draw a law which on one hand permits the patentee to prevent what I should call deliberate stealing. That may be too strong a word because it is a tort and not a crime, but deliberately taking his invention and at the same time does not place any burden on trade in staple articles of commerce. It seems to me that is where the line was drawn under the old law of

contributory infringement although it was not as distinctively drawn as it might be. There are a great many cases dealing with contributory infringement under the old law which said that where a man was selling something that was not particularly made for use of the patented invention, he could not be enjoined because that was not contributory infringement, and that we have tried to define specifically and definitely in this bill.

If I might mention two Supreme Court cases, I think you will see the difference. Supposing I am making a patented machine; somebody infringes the patented machine. It requires a certain number of machine screws in the manufacture of that machine. A machine screw seller sells screws to everybody. He may sell them to the infringer.

Now, we do not want to ever suggest changing the law to the extent that selling any standard article of commerce to a man even if you know he is an infringer presents you with liability. You see, that would make quite a burden on a seller of screws, for instance, if he has to check up and see whether every man who buys his screws is using them to infringe a patent. You cannot go that far.

But, on the other hand, we come to a thing like the lamp case where the man sells everything except the one detail and clearly should be estopped under the doctrine of contributory infringement.

Mr. KEATING. May I interrupt? Under the general law, in order to hold anyone as a contributory infringer anyway, is it not a part of the plaintiff's obligation to show that he knowingly sold the item, the one gadget, knowing that it was to be used in an infringing product?

Mr. BYERLY. That is a part of the case of contributory infringement, but you get what we might call a case of *res ipsa loquitur*. When you are selling something which has no other use except in the infringing combination, the proof you need there is very slight.

But there are cases under the old law which go to the extent of saying that if a man sells a general article of commerce to an infringer, knowing it is infringement, that is contributory infringement. We feel that that is going too far unless the thing is not really an article of commerce but is something specially prepared. That is, we feel in the present state of the law it would be going too far to make the mere sale of that commonly used thing, coupled with the knowledge that it was to be used as an infringement, a contributory infringement.

Of course, if we go further and actually induce the man to infringe by some other act than selling to him, then you have a case of contributory infringement. We have tried to cover that in the language of this bill and I would like, if I may, to call your attention to certain provisions. I think the preamble of the bill is of some interest because it shows the importance of the thing. It says, "To provide for the protection of patent rights where enforcement against direct infringers is impracticable." In other words, it really carries out the intention of the Constitution and of Congress in making certain things for which we grant patents enforceable where they otherwise would not be.

Now, we come to the first section which is, "That any person who shall actively induce infringement of a patent shall be liable as an infringer." I question whether even the *Mercoid* decision overrules that, but at least we thought it well to put that in as a declaratory

statement as to where it was actual inducement so that it could be seen that section 2 covered something a little different.

Section 2 provides:

Any person who shall contribute to the infringement of a patent in the manner set forth in section 3 shall be liable as an infringer.

Now, if you look at section 3, you will see that it refers to the sale of a "component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process," only in this case the thing which this man sells is especially made or adapted for use in infringement of such patent and not suitable for actual commercial noninfringing use.

Mr. KEATING. That rules out the ice situation, does it not?

Mr. BYERLY. Yes. It cuts you right down to a case where there is really deliberate stealing. You can hardly imagine a case where a man sells something which has no commercial use whatever except as a means for infringing this patent and where the thing is particularly adapted for that use. If you do not stop that, you are giving a patentee protection against those who deliberately want to take his invention.

Now, section 4 is merely the converse of that, which says:

The mere sale of any staple article or commodity of commerce not especially made or adapted for use in a patented invention, and is suitable for actual commercial noninfringing use, shall not of itself constitute contributory infringement, even though sold with the knowledge or expectation that it will be used in infringement of the patent.

Well now, that protects the man who sells screws or asphalt or any ordinary commodity, even if he knows that somebody is going to use it in infringement of a patent. He is not guilty of contributory infringement and consequently anybody who tries to place a restriction on the sales of such articles is likely to run afoul of the antitrust law. I feel that this distinction included very definitely in sections 3 and 4, will be a help not only to the patentee but to the Antitrust Department because in this branch of patent law at least it draws as distinct a law as you can in language. I do not say that it is always disputed as to what language means. But it is more definite than any law has been before between what the patentee can do and cannot do. So it shows the Department of Justice whom they ought to prosecute and shows the patentee what he may safely do to enforce the rights that the Government has given him.

The last section of the statute is introduced to do away with another confusion which may result from the Mercoide case and that is the section which says that if a patent owner is entitled to relief, he should not be denied this relief because he is either seeking to enforce contributory infringement or has licensed people to do what he could have enjoined them from doing. In other words that takes care of the sort of case we have in the Mercoide case. A man can either say, "you cannot sell the part of my invention to somebody else to complete it," or he can say, "yes, you can sell the part of my invention to help others complete it provided you pay me a royalty." Just an ordinary license.

Now, a mere fact that he has done that with one man and sued another man does not bar him under this section 5 and the section seems almost like surplusage until you read the Mercoide case and then realize it is necessary to have it in there in order to give the man a

clear right to use the limited and definite doctrine of contributory infringement which is defined in the first part of the bill.

That is all I have to say.

Mr. CASE. Mr. Chairman, may I at this point offer for the record a letter which I received from one of our friends, Mr. Theodore Kenyon, also a distinguished member of the New York bar.

Mr. LEWIS. Surely, that might be introduced.

(The letter referred to is as follows:)

KENYON & KENYON,  
New York 6, N. Y., April 22, 1948.

Re H. R. 5988.

HON. CLIFFORD P. CASE,

*House of Representatives, Washington, D. C.*

MY DEAR MR. CASE: I approve wholeheartedly of H. R. 5988 which you have introduced to clarify the patent law, particularly in respect of "contributory infringement." This bill has evidently been most carefully drawn to put an end to existing confusion in the judge-made law on this subject, and if enacted I believe it will establish sound policy and materially promote the development of the useful arts.

Until about 15 years ago the doctrine of contributory infringement was well established and consistently applied in patent infringement cases. The sale of a component of a patented combination with the knowledge and intent that it would be used in that combination, if followed by actual use of that component in the patented combination, constituted contributory infringement. This was Hornbook law. But a new doctrine intervened in the decision of the Supreme Court in the *Carbice* case (*Carbice Corporation of America v. American Patents Development Corporation et al.*, 283 U. S. 27, 31 (1931)). There the owner of a patent on a receptacle particularly adapted for use with dry ice was engaged in selling dry ice and to each of his customers he gave an implied license to use the patented receptacle. When he sued another dealer in dry ice for contributory infringement of the patent on the receptacle, the Supreme Court held that he was misusing his patent by employing it as a lever to promote his own sales of the unpatented staple commodity, dry ice. It was said that he was using the patent to obtain a partial monopoly in unpatented materials. Equitable relief was accordingly denied on a theory akin to that of unclean hands.

This doctrine has been repeatedly applied since that time.

As you will see, it cut directly across the preexisting definition of contributory infringement. Some efforts were made by the bar and bench to draw a line between the two doctrines by limiting the misuse doctrine to cases where staple commodities were sold by the patentee, and to apply the contributory infringement doctrine to cases where the patentee was selling an unpatented part which had no utility except in the patented combination. However, this distinction was rejected by the Supreme Court which, in the *Mercoid* case (*Mercoid Corporation v. Mid-Continent Investment Co. et al.* (1944), 320 U. S. 661), held that the plaintiff misused its patent on an automatic heating system by selling thermostatically controlled regulators which were not per se covered by the claims of the patent but had no utility except in the patented combination. In the several opinions of the Supreme Court in that case, doubt was expressed as to whether anything remained of the doctrine of contributory infringement.

As a result of this and similar decisions, great doubt has been cast upon the enforceability of combination and so-called use patents where the patent owner was engaged in manufacturing the essentials of the combination or the special ingredient used in the patented process, but where the claims were not literally infringed until these parts or supplies were combined with others or used in a particular manner by the ultimate purchaser.

This doctrine reached a peak of absurdity in a case decided last fall (*Master Metal Strip Service, Inc. et al., v. Protez Weatherstrip Mfg. Co.* (1947) 75 U. S. Pat. Quarterly 32) where a patent for an ingenious substitute for sash weights in window frames was held misused by the patent owner who made and sold all of the working parts combined and ready for installation by the local carpenter in the window frame, for the simple reason that the claims of the patent included the window frame as an element of the combination. The parts so combined and sold by the patent owner had no utility except in that combination. Nevertheless the Court refused to enforce his patent against another manufacturer who was deliberately copying the parts manufactured by the patentee.



Similarly, in the chemical industry, a great many very valuable "use patents" have been granted for inventions for the first time making useful some hitherto known, but commercially useless, ingredient. These inventions have given rise to new industries or the expansion of old industries in the manufacture and sale of these special ingredients for the new and useful purpose. Obviously the ingredients themselves could not be patented per se because they had already been known or described in textbooks. The real invention lay in their utilization to achieve new and unexpected results. The "misuse of patents" doctrine has presented to the owners of such patents the alternatives of either giving up the manufacture of these special ingredients or in effect dedicating their patents to the public. It is plain that neither of these alternatives is in the public interest.

The bill which you have presented draws a line between the sale of staple articles having actual commercial noninfringing use, on the one hand, and those special components or ingredients which are particularly made or adapted for use in the infringing combination and are not suitable for actual commercial noninfringing use, on the other hand; and it provides that the sale of parts or ingredients of the latter type without the consent of the patent owner constitutes a contributory infringement of the patent, and furthermore that the sale of such parts or ingredients by the patent owner himself shall not constitute a misuse of his patent.

This, I think, is a constructive and forward-looking bill and one greatly needed to clarify the existing situation and to promote the progress of the useful arts—which, after all, is the main purpose of the patent laws.

I earnestly hope that the bill may be pressed before the Judiciary Committee and the Congress.

Respectfully yours,

THEODORE S. KENTON.

Mr. BYERLY. I should like to offer for the record the formal statement which I have sent down prior to my remarks.

Mr. LEWIS. That may be done.

(The document referred to is as follows:)

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK,  
New York 18, April 30, 1948.

Re H. R. 5988.

SUBCOMMITTEE ON PATENTS, COMMITTEE ON THE JUDICIARY,  
House of Representatives,  
Washington, D. C.

GENTLEMEN: The committee on patents of this association, which is charged by the bylaws "with the duty of examining pending legislation relating to patents, and of promoting or opposing it on behalf of the association," has unanimously adopted the following resolutions:

"Resolved, That H. R. 5988 be approved.

"Resolved, That the chairman be authorized to attend the congressional hearings on H. R. 5988, accompanied by such other members of the committee as he may designate, if any, and to urge the passage of said bill."

A statement of the views of this association which will be presented at the hearing set for May 5, 1948, is appended.

Yours very truly,

ROBERT W. BYERLY,  
Chairman, Committee on Patents.

MEMORANDUM ON H. R. 5988 (80TH CONG.)

SUBMITTED ON BEHALF OF

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

The purpose of the bill is to restore the doctrine of contributory infringement which, until recent decisions of the Supreme Court, had been part of our patent law for more than 70 years. For an explanation of this doctrine and its importance in the protection of patent property which cannot otherwise be protected, we refer to the memorandum on H. R. 5988 submitted by the New York Patent Law Association. We urge the enactment of H. R. 5988 for the reasons set forth in that memorandum.

As an additional reason for urging the enactment of the bill, we wish to point out its importance in clarifying a branch of law which has been thrown into confusion by the opinions of the Supreme Court in the *Mercoid* case.<sup>1</sup>

In the *Mercoid* case, four separate opinions were rendered by different members of the Court. The majority opinion by Justice Douglas overrules the leading Supreme Court case<sup>2</sup> sustaining the doctrine of contributory infringement and says:

"The result of this decision, together with those which have preceded it, is to limit substantially the doctrine of contributory infringement. What residuum may be left we need not stop to consider."

This cryptic expression has led to a conflict of opinion among both lawyers and judges. Several courts have considered that part of the doctrine of contributory infringement still exists and have granted injunctions to enforce it.<sup>3</sup> Other courts have expressed serious doubt:

"It may be the tortfeasor, who aids and abets the direct infringer, is no longer called upon to exculpate himself in the courtroom."<sup>4</sup>

Other courts have concluded that the doctrine is completely abolished:

"A careful study of the opinion (in the *Mercoid* case), together with its interpretation by the dissenting Justices, and a consideration of the doubt implicit in the observation 'what residuum may be left we need not stop to consider' leads to the conclusion that nothing has been left of the doctrine as formerly it had been applied to the furnishing of unpatented parts integral to structures embodying patented combinations. Whether this bodes good or ill for the continuation of industrial progress under the aegis of the patent laws, it is not for us to say."<sup>5</sup>

This conflict and confusion is a serious matter, for it is plain from the Supreme Court's decision in the *Mercoid* case that one who acts in reliance on the doctrine of contributory infringement as heretofore understood may not only forfeit his patent but also be adjudged guilty of violating the Sherman Act if he has by mistake gone beyond the "residuum" of the doctrine that remains.

The enactment of H. R. 5988 would end this confusion. It specifically defines the inherent right of a patentee to be protected against piecemeal infringement of his patent.

Section 3 permits a patentee to take action against those who supply things "made or adapted for use in infringement of such patent, and not suitable for actual commercial noninfringing use." This is in full accord with the constitutional provision<sup>6</sup> which authorizes Congress to secure to inventors for limited times the exclusive right to their discoveries, for, in many cases, the only way in which such discoveries can receive practical protection is by action against persons who supply innocent users with things which, prior to the discovery, were completely devoid of any commercial utility.

Section 4 definitely limits the patentee's right so as to exclude any restraint on "any staple article or commodity of commerce not especially made or adapted for use in a patented invention, and suitable for actual commercial noninfringing use," and thus leaves any attempt to restrain commerce in any staple article or commodity to be dealt with under the Sherman Act.

Thus, in connection with contributory infringement, the bill draws a sharp line of demarcation between the patent law and the antitrust law. This will enable patentees to protect their property without inadvertent violation of the Sherman Act, and will also simplify the

<sup>1</sup> *Mercoid Corporation v. Mid-Continent Investment Co.* (320 U. S. 661).

<sup>2</sup> *Leeds & Catlin v. Victor Talking Machine Co.* (213 U. S. 325), was in effect overruled by the statement "The protection which the Court in that case extended to the phonograph record, which was an unpatented part of the patented phonograph, is in substance inconsistent with the view which we have expressed in this case."

<sup>3</sup> *Detroit Lubricator Company v. Toussaint* (57 F. Supp. 837, N. D., Ill.); *Hall v. Montgomery Ward* (57 F. Supp. 430, N. D., W. Va.); *Aeration Processes, Inc. v. Waller Kidde & Co., Inc.* (76 U. S. P. Q. 455, W. D., N. Y.).

<sup>4</sup> *Chicago Pneumatic Tool Co. v. Hughes Tool Co.*, (61 F. Supp. 767, 769, D. Delaware, affirmed 156 F. 2d 981, C. C. A. 3).

<sup>5</sup> *Landis Machinery Co. v. Chaso Tool Company*, 141 F. 2d 800, C. C. A. 6).

<sup>6</sup> Art. I, sec. 8.

work of the Department of Justice by clearly defining a field in which restraint of trade cannot be justified under the patent law.

Mr. LEWIS. Is there any other witness desiring to be heard in connection with H. R. 5988?

**STATEMENT OF GEORGE E. FOLK, PATENT ADVISER TO THE  
NATIONAL ASSOCIATION OF MANUFACTURERS, NEW YORK,  
N. Y.**

Mr. FOLK. My name is George E. Folk and I am patent adviser to the National Association of Manufacturers. It is a voluntary association of about 16,500 manufacturers, 70 percent of whose members have less than 500 employees each.

With reference to the Case bill, H. R. 5988, defining contributory infringement, the recent decisions of the Supreme Court, especially the decision in the *Mercoid case* (320 U. S. 661), has left much uncertainty and confusion as to what constitutes contributory infringement.

The *Leeds and Catland case* (213 U. S. 501), had been considered as a precedent to the effect that he who sells an unpatented part of a combination patent for use in the assembled machine covered by the patent may be guilty of contributory infringement by reason of the fact that he actively assisted in the infringement. The Supreme Court in the *Mercoid case* expressly overruled its opinion in the *Catland case*, stating:

The rule of the *Leeds and Catland case* accordingly must no longer prevail against the defense that a combination patent is being used to protect an unpatented part from competition.

Mr. Justice Roberts, in a dissenting opinion in the *Mercoid case*, stated:

I think the opinion may create confusion respecting contributory infringement.

Undoubtedly such confusion now exists.

Mr. Justice Jackson, in his dissenting opinion in the *Mercoid case*, stated:

It is suggested that such a patent should protect the patentee at least against one who knowingly and intentionally builds a device for use in the combination and vends it for that purpose.

It is desirable, therefore, that there be some statutory definition of contributory infringement to remove the uncertainty and confusion now existing.

H. R. 5988, however, while having a praiseworthy objective, unfortunately fails to meet the various situations that may arise with respect to contributory infringement and still fails to remove the uncertainty and confusion on the subject.

The NAM, therefore, while recognizing the desirability of a statutory definition of contributory infringement, believes that the Case bill, H. R. 5988, requires considerable revision based upon further study of the subject.

Mr. KEATING. Do you have suggested revisions there?

Mr. FOLK. No; I have not. In a recent meeting of the committee on patents and research, the committee consists of over 100 members, there was considerable discussion about these various situations which would arise and almost unanimous opinion was that the bill failed to meet the various situations.

Mr. KEATING. Do you with the bill enacted or not enacted?

Mr. FOLK. Not in its present form.

Mr. KEATING. Do you have any substitutes to offer?

Mr. FOLK. Not at the moment.

Mr. KEATING. That is not very helpful to the committee.

Mr. FOLK. I am just stating the position of the National Association of Manufacturers who endorse the principle of the bill but not the specific measures of it.

Mr. LEWIS. Do you find any specific objections to the bill?

Mr. FOLK. Why, yes; I might point out some that were mentioned in that committee that I was referring to. In some places it seemed to the committee that the bill was too broad and in others too narrow.

For example, the first section says:

That any person who shall actively induce infringement of a patent shall be liable as an infringer.

The question was raised whether that would not apply to a patent lawyer, for example, who delivered an opinion that it is perfectly safe to sell his unpatented article for use.

Mr. LEWIS. You do not seriously mean that, do you?

Mr. FOLK. I do not think it means that, but I am just indicating the objection.

Mr. LEWIS. You do not think that the court would hold that?

Mr. FOLK. I think not.

Mr. KEATING. Whose idea was that, some lawyer or a businessman?

Mr. FOLK. A businessman that made the objection. The difficulty there is, though, that the language is vague.

Mr. KEATING. Vague in what respect?

Mr. FOLK. What does it do beyond what was intended, to define "contributory infringement" in the next two sections?

Mr. KEATING. Do you think that should be struck out?

Mr. FOLK. I think it is unnecessary.

Mr. KEATING. Do you think it should be struck out?

Mr. FOLK. I think it should be struck out.

Now, when it comes to section 3, the second line on page 2 is unnecessary:

And not suitable for actual commercial noninfringing use, shall constitute contributory infringement.

The point was raised that in almost any case any article that finds some other use which was noninfringing, and that that was, therefore, confusing rather than helpful to have that sentence in.

Mr. KEATING. I should think that was the very heart of the bill, that distinction between an article which was suitable for actual commercial and noninfringing use and one that was not. Does the National Association of Manufacturers and do you take the position that this doctrine of the Dry Ice case ought to be reinstated?

Mr. FOLK. No; we did not consider that. I am giving you my personal view.

The point I am raising here is not the Dry Ice case. It has clearly other uses besides that, but there might be cases in which an article was specially designed to go in this combination which would ordinarily consist of contributory infringement and might have another use.

Mr. KEATING. Well, if it had another use, then the proponents of this bill do not claim that the infringer would be guilty of contributory infringement.

Mr. FOLK. I do not know if that would be the case or not. It seemed that that was an unnecessary restriction.

Mr. KEATING. Well, if that were taken out, it would certainly change the character of the bill, don't you think?

Mr. FOLK. Not materially, because it says that the apparatus—

If specially made or adapted for use in infringement of such patent.

"Specially made and specially adapted," that should be sufficient to constitute contributory infringement even though some minor use might subsequently be found for it.

Now, the committee has not authorized me to make these statements. I am just trying to summarize some of the views that were held by the committee and the only conclusion they reached was that they should like to have more time to study the bill, study a substitute for the bill. They are definitely in favor of a bill for contributory infringement but point out the defects of the present bill.

Section 3 is also indefinite, saying the "Mere sale." Now the inference is that the sale of it might constitute—

Shall not of itself constitute contributory infringement, even though sold with the knowledge or expectation that it will be used in infringement of the patent.

Mr. KEATING. The use of the word "mere" changes the word "sale."

Mr. FOLK. These inferences that there are other cases to the contrary.

Mr. KEATING. I would think that the use of the word "mere" meant that the sale apart from other use of the staple article would not constitute in itself a contributory infringement.

Mr. FOLK. Perhaps that is true. But it seemed the word was unnecessary in that case.

Now, section 5, I listened with considerable interest to Mr. Byerly's statement of what it was designed to do. It seems to me that it might possibly do more than that. It might overthrow the doctrine of implied license. The language is so broad. I think that should be studied. I am just giving you a rough view of this because I only had it a day or two, and I had not considered the various cases, nor had the committee.

Mr. LEWIS. Thank you very much, Mr. Folk.

Now, the next witness will be Mr. Wilson.

#### STATEMENT OF CHARLES S. WILSON, CHAIRMAN, PATENT COMMITTEE, AIRCRAFT INDUSTRIES ASSOCIATION

Mr. WILSON. I am chairman of the patent committee of the Aircraft Industries Association, which is made up of all the major aircraft manufacturers and accessory manufacturers in the country. I think that our association gives a fairly broad view all over the country as to H. R. 5988.

We are a peculiar industry in the fact that we are affected in a large extent by contributory infringement. Something like 50 to 60 percent or even more in times of war, of our product are made by subcontractors. The patent situation, of course, where we run risks of infringement, we run the risk largely as contributory infringers where the aircraft component is included in the claim which is in fact drawn to

an accessory, such as the dump valve to empty surplus gasoline out of a tank.

Our committee for 2 years has been considering the question of contributory infringements and we are in favor of reestablishing a doctrine of contributory infringement, but not in the form of 5988. We think that H. R. 5988 only covers one-half of the doctrine. I can think of instances in our own industry where every component of a patented combination is in itself unpatented and in the public domain. They are brought together in a patented combination or some instances a patent has not issued yet, which produce new and useful results in the combination but no one manufacturer manufactures all of the components.

For example, we have developed in our plant a fire detector for airplanes, primarily for transports and multiple-engine airplanes. There is no one single element in that combination that we do not buy on the open market. Misters we get from one manufacturer, switches from another, wire from a third, and so forth. If we draw the patent to a system, which is what it is in fact, we then are limited, and it happens to have general use, incidentally, we are then limited to the ultimate user who puts these things all together and the manufacturer of the components could very readily urge and promote the infringement.

I think that H. R. 5988 goes too far in trying to define what could or could not be done in contributory infringement.

Mr. KEATING. Is that not desirable so that people will know just how far—

Mr. WILSON. I am not too sure of that. The law of unfair competition was divided into two sections. The first was, and I am going back 70 years, 60 or 70 years, if the contributory infringer made a device which would have only one use—namely in the patented combination—then he was a *prima facie* contributory infringer, which is taken care of by this bill.

The other one is that if he knowingly sold a device which had or conceivably could have other uses, knowing that it was going to be used in a contributory infringement, he was also a contributory infringer. Each case of contributory infringement I think has to be decided on the particular circumstances of the case.

Mr. KEATING. You are familiar with the Dry Ice case?

Mr. WILSON. Yes.

Mr. KEATING. And in your judgment then the doctrine of the Dry Ice should be reinstated?

Mr. WILSON. To a large extent, yes.

Mr. KEATING. It would be under the suggestion which you make.

Mr. WILSON. I am going to make a suggestion for an amendment of 4991. The Dry Ice case, I think Mr. Rich—I am not taking issue with him because I am on the same side of the fence—I think he was confusing misuse and contributory infringement and the Supreme Court's pronouncement of the misuse has thrown the fear of God into the patent bar as a whole and I don't think it is nearly as bad; and I agree with the Supreme Court in many of its cases where they were tie-in clauses, and so forth, where there was actually misuse of a patent.

But in this particular instance, we suggest that section 4991 of the Revised Statute—this is in the statement that was filed—have

the period at the end of the second sentence changed to a semicolon and add this to the second sentence—

Mr. LEWIS. Where is that now?

Mr. WILSON. Section 4991 in the Revised Statute:

Any person, firm, or corporation which manufactures or vends any part or component with the knowledge that such part or component is to be used in the patented invention or discovery, that claim or claims of which include such part or component as an intentional element of the invention or discovery so claimed shall be deemed to be a contributory infringer of the patent of such invention and such invention or discovery—

and to do that, the words "or contributory infringement" should be inserted in sections 48 and 129 of the Judicial Code.

Now, in each instance, an element is claimed as an essential element of the combination. If a manufacturer knowingly manufactures that element for use in that combination, we think he is a contributory infringer and should be so held.

We do object to the opening or preamble of H. R. 5988 where it says:

Any person who shall actively induce infringement of a patent shall be liable as an infringer.

That could very easily be very embarrassing. Now in most of the patents we make any money on, we license manufacturers of the accessories. Would we be actively inducing the infringement of some patent if the manufacturer of the accessory developed in our factory was used and sold and then infringed some already existing patent?

Mr. KEATING. That is a statement of the law that now exists; is it not?

Mr. WILSON. No; if we are a licensor.

Mr. KEATING. You mean to tell me that a man can today actively induce the infringement of a patent without being liable as an infringer?

Mr. WILSON. No, he cannot; but the point there is, what we are afraid of, if we leave it as a straight contributory infringement as the courts have previously interpreted it, that is all we need. There are instances where the contributory infringer who is charged with contributory infringement—there are several circumstances and facts that in a particular case where he would not be held to be an infringer—there are others where he could be held to be an infringer under the law as it now stands.

Mr. KEATING. Of the misuse of patents, you mean?

Mr. WILSON. No; I was thinking he was making a standard article of commerce. For example, a thermistor or a thermostat, and he was selling it by the thousands and he did not know what the purchaser was going to use it for. In that case the court would not hold that he was a contributory infringer.

Mr. KEATING. They would not under this; would they?

Mr. WILSON. I am not talking about a manufacturer; I am talking about a licensor, a man who is not making anything but he licenses a manufacturer to make his particular invention and in doing that the licensee may infringe somebody else's patent in which event under the law as the bill is now written, the owner of the original patent or license may be charged with actively inducing contributory infringement.



Mr. LEWIS. You do not think that a court would, under those circumstances hold the manufacturer, do you?

Mr. WILSON. He would hold the manufacturer, yes; but he might also hold the licensor. They might sue the licensor as joint tortfeasor with the——

Mr. LEWIS. Well, if, as I understood you, the manufacturer simply made the parts for a patentee who had a valid patent, that certainly could not be a violation of the law.

Mr. WILSON. It would very readily be. He may be infringing some prior patent on it by someone else. I think you misunderstood me. A has a patent. He is not manufacturing anything. He just owns a patent. He licenses B to manufacture it. B, in manufacturing that infringes C's patent. Under the act, preamble of the act as it is drawn, C then could sue A as a contributory infringer because he perhaps actively induced infringement of a patent.

Mr. LEWIS. I am not a patent lawyer, but I just cannot see that at all.

Mr. WILSON. I am bringing that up frankly because several of our members called me up yesterday and mentioned it to me. Their attorneys are very much disturbed about that "actively inducing infringement." That does not limit it to the manufacturer.

Mr. KEATING. Would you state again, Mr. Wilson, just what association you represent?

Mr. WILSON. I represent—I am the chairman of the patent committee of the Aircraft Industries Association.

Mr. KEATING. The members of that association are manufacturers of airplanes and airplane equipment?

Mr. WILSON. And accessories, yes.

Mr. KEATING. And accessories.

Mr. LEWIS. I would like to ask Mr. Byerly for your comments on that.

Mr. BYERLY. I do not mean to interrupt you on that Mr. Wilson.

It is my feeling that this is an unnecessary worry. I think that the law is now that anyone who actively induces infringement is liable. I do not think that has ever been applied to anybody who merely grants a man the license to do something else and in doing that he incidentally infringes a third patent, but if that is active inducement, I think it is actionable now. If not, I do not see that it would be under the act.

Mr. KEATING. I have that same thing in mind, Mr. Byerly, but I perhaps reached different conclusions from it. I am wondering if we need to put that sentence in there at all. We could strike it out and I believe not affect the existing law and still satisfy Mr. Wilson here.

Mr. BYERLY. I think that is probably true, although, of course, the main reason for putting it in was to make the thing hold together.

When you get to section 4, somebody commented on the fact that we said, "a mere sale" of the thing, a general commodity, is not contributory infringement, but if that sale is coupled with acts of financing the man or putting him in business or something, it may be conceivably a part of active inducement. Perhaps the word "mere" in there is without the first section. I do not think the first section changes the law at all. If that is so, of course, it could be left out.

Mr. Wilson's other suggestion that the definition made be made broader is something with which I have great sympathy but I question whether under the public feeling at present that could be done. That is, he wants to say even if a thing has many other uses, if it is intentionally made as a part of the combination to be used as a part of the combination, that should be contributory infringement. That goes further than our definition.

Mr. KEATING. That is the matter that Mr. Rich discussed here as to whether we ought to go that far.

Mr. BYERLY. That's right.

Mr. KEATING. And he admitted frankly in his testimony that this bill did not go as far as many patent lawyers thought it should and it was not intended to reinstate the doctrine of the Dry Ice cases. In that respect Mr. Wilson has very frankly said that the doctrine of those cases should be reinstated. That is the problem, as I see it, that is before us, or one of them, for decision.

Mr. BYERLY. Yes; I think it is, whether intentionally selling for use in the combination something that has other general uses would be contributory infringement. Certainly it would make a very good difference from the standpoint of the patentee that it should be, but whether under the general law as it now stands, whether it is desirable to go that far back, we have some doubt.

Mr. LEWIS. Thank you, Mr. Wilson.

Mr. WILSON. I would like to ask this, that the courts have always said, without exception, that where a thing is knowingly made as an infringement to be used as a part of an infringing combination, that constituted contributory infringement. That was pretty generally settled until the Mercoide cases came up.

Now, in manufacturing an assembled machine, or in the manufacture of an entire airplane, that does not come up; but it is these systems that are assembled in the field. A particular example is heat-control cases or fire-alarm cases. The invention is on an entire system and Jones makes a part of it, Smith another part, and Brown the third part. And the little plumber in the neighborhood puts these three together. Now, under the law, in the Mercoide cases, which involved misuse, and I think the case was decided on that, the manufacturer, the patent owner would have to go, the only person he could sue would be the house owner who had the heat system installed by this man.

Mr. KEATING. You say you think the Mercoide case was decided on the point of misuse, do you?

Mr. WILSON. Largely decided on the case of misuse.

Mr. KEATING. You do not think the decision rested on the doctrine of *res adjudicata*?

Mr. WILSON. I don't think so. The remark of Justice Black and one or two of the other Justices in that case, that this probably might finish the doctrine of contributory infringement was gratuitous. The case was decided on the general license given by the owners of the patent, that if people bought the mercury switch from, I think it was Minneapolis-Honeywell, they had an automatic license and a free license under the system patents.

The case was really misuse of patent to an attempt to build up a monopoly on the mercury switch which was unpatented and free to the world, and that is the way I read that decision. The contributory infringement part I thought was gratuitous.

But on this thing where you have these wide system patents, and this is usually where the major contributory infringement comes into these cases, where you have a wide system and 9,000,000 people put them in but no one manufacturer makes it, every manufacturer's parts are open to the world; but when they are brought together in the house-owner's home, they then become an infringement, so that the patentee is effectively estopped from enforcing this patent unless he has contributory infringement.

Mr. KEATING. I suppose your conclusion, therefore, would be that if we are to adopt the general language of this bill, you would make the same suggestion as the representative of the National Association of Manufacturers, to strike out, on page 2, line 2, the words "not suitable for actual commercial noninfringing use."

Mr. WILSON. That is right; I do. But I would much prefer to see the clause I suggested, or our committee wrote up and suggested in 4919.

Mr. KEATING. There is no bill now before us which has that effect?

Mr. WILSON. No; we are merely suggesting this as an alternative.

Mr. LEWIS. Thank you very much, Mr. Wilson.

Mr. WILSON. Mr. Lewis, this is Mr. Cerstvik of the Bendix Co. He has no statement, but he would like to speak to the committee.

Mr. CERSTVIK. I am not appearing as representative of the Bendix Aviation Corp. but as a member of the same committee that Mr. Wilson is chairman of, namely, the patent committee of the Aircraft Industries Association.

I am also a member of the committee on patent legislation of the New Jersey Patent Law Association; but as that committee has not had time to consider and make a report to the entire association on this bill, I am not appearing as a representative of that association and again merely as a representative of Aircraft Industries Association.

I think the doctrine of contributory infringement here is confused with the doctrine of misuse, and I do not believe that restoration of the doctrine of contributory infringement in its entirety, as our association recommends, would affect the doctrine of misuse. It would not affect the dry-ice case. That case was a case of misuse. If the patentee there—

Mr. KEATING. You do not agree with Mr. Wilson that the enactment of the language he suggests would reinstate the doctrine of the dry-ice case?

Mr. CERSTVIK. It would not affect that doctrine, because that is the doctrine of misuse, and it could still be contributory infringement if the owners of that patent had not misused it. If he had used it properly and not compelled these people who manufactured the containers to buy the dry ice from him, there would have been no misuse, and he could, as patent owner, have licensed the patent to anybody to manufacture these containers and buy their dry ice from whomever they wished; but that is what he did not do. He again granted free licenses, like in the Mercoid case, under the patents, only to those people who bought dry ice from him; so there is your misuse. If he had not done that, I think his suit could have been sustained on the doctrine of contributory infringement against suppliers of this container without the dry ice. That is the confusion I was trying to clear up here—that the restoration of the doctrine in its entirety will have no effect on the doctrine of misuse.

Mr. KEATING. And it should not.

Mr. CERSTVIK. And it should not; and if a man does misuse it, whether it is a case of contributory infringement or direct infringement, well, he has misused and therefore cannot enforce it either against a direct infringer or an indirect infringer.

You see, in your Mercoïd case, you had the same thing. The owner of the patent said, "If you buy my thermostats from me, you get a free license under this patent." He was thereby using the patent to control the sale of the unpatented thermostats so that everybody would buy those thermostats from the patent owner and nobody else.

If the patent owner had granted licenses to the industry without any restrictions as to where they buy their components, then he could still be in a position to sue a contributory infringer regardless of whether that component could be used in a noninfringing manner or only in an infringing manner, and that is why we are in favor of restoring this doctrine in its entirety; that is, if a person manufactures and sells a component essential in a patent combination and it is one of the elements recited in the claim of the patent and he knowingly sells that to another party, knowing that it will be used in a patented combination, he should likewise, as under the old doctrine he was, be liable for contributory infringement.

Mr. LEWIS. Thank you very much, Mr. Cerstvik.

Mr. WILSON. I am not in opposition to Mr. Cerstvik. He has stated it differently. I agree with everything that Mr. Cerstvik said.

Mr. KEATING. Let me get it clear, so that you agree. Perhaps I misunderstood you—that the adoption of the language which you have advocated would not restore the doctrine of the dry-ice case.

Mr. WILSON. That is right. It would not restore the misuse. They are two entirely separate doctrines that have not anything to do with each other.

Mr. LEWIS. Is there anyone else who wants to be heard on this bill, H. R. 5988?

Mr. KEATING. I think perhaps, Mr. Chairman, I ought to insert in the record a copy of a letter which was sent to me by Congressman Eberharter, of Pennsylvania, this being a letter from some patent lawyer in Pittsburgh who opposed the bill.

Mr. LEWIS. I have a copy of that.

Mr. KEATING. Perhaps that should be made part of the record.

Mr. LEWIS. That may be made part of the record.

(The letter referred to is as follows:)

APRIL 30, 1948.

Re H. R. 5988.

Mr. HAROLD F. WATSON,  
Washington 5, D. C.

DEAR MR. WATSON: I have been told that the American Patent Law Association has recommended H. R. 5988 in principle and that the laws and rules committee, of which you are chairman, is considering the specific wording of the bill.

It is suggested that clauses (a) and (b) in section 5, at lines 14 to 19, on page 2 of the printed bill, be changed to read:

"(a) Derived revenue from, or licensed or authorized others to perform, acts which if performed by another without his consent would constitute contributory infringement of his patent; (b) sold, or licensed or authorized others to sell, a component of a patented machine, manufacture, combination, or composition, or a material or apparatus for use in practicing a patented process, where the sale carries with it expressed or implied rights under the patent on the machine, manufacture, combination, composition, or process;

Clause (a) as proposed above is simply a combination of clauses (a) and (b) of the printed bill. Clause (b) proposed above is new and is designed to permit a manufacturer of a material or parts which are a component of a patented device to give his customers a license under the combination patent with the sale of the material or parts; that is, while sections 1 through 4 properly limit contributory infringement actions to cases where the component is "especially made of adapted" for the infringing use and is "not suitable for actual commercial noninfringing use," it is believed that section 5 relating to the misuse doctrine should not be so limited.

One of the greatest sources of invention in this country lies in the laboratories and engineering departments of companies selling materials and parts. Such companies carry on research and development looking toward the solving of problems of their customers. The recent cases on the so-called misuse doctrine destroy the incentive for such a manufacturer to solve his customers' problems, since the customer will be able to buy the material or parts from anyone and thus cut into the business created by the manufacturer which solved the problem and obtained a patent on the combination.

For example, a manufacturer of aluminum foil, in order to broaden his market for the foil, carries on development to find new uses for the foil. He may invent a new and patentable form of aluminum milk bottle cap. The manufacturer may sell the patented milk bottle caps to be applied by the dairy companies, and the manufacturer then has a legal patent monopoly in the aluminum foil for the caps and in the business of forming of the patented caps. However, the dairy may find it more economical to add forming dies to the bottle filling and capping machine, and the aluminum foil manufacturer which owns the patent on the cap, being mainly interested in the sale of aluminum foil, may be willing to permit the dairy to form its own caps free of royalty so long as the foil is purchased from the company which made the invention. In permitting this, all that the aluminum-foil manufacturer is doing is to waive the part of his monopoly relating to the forming of the cap, since he is content with the profit on selling the foil alone. It is preposterous that the courts have held it to be a misuse of the patent, and illegal for the aluminum-foil manufacturer to permit the dairy companies to use the patent without royalty when the foil is purchased from the owner of the patent.

Similar situations occur throughout industry. Manufacturers of motors and electrical controls therefore develop steel-mill equipment and are often willing to permit a patent on the new steel mill to be used free of royalty, provided the motors and control are purchased from the patent owner. A manufacturer of electronics equipment may invent a new electronically controlled welding machine and be satisfied to merely sell the electronic control without collecting any royalty on the whole machine. Under the present state of the law, invention is being stifled in these cases, which are legion, and the manufacturers of the components are discouraged from carrying on development work on the complete devices in which the manufacturers' components are used.

I talked in New York this week with Mr. Giles S. Rich, the chairman of the legislation committee of the New York Patent Law Association, who was largely instrumental in drafting H. R. 5988. Mr. Rich seemed to be in favor of the amendment which is proposed above, but he suggested that instead of rewriting clauses (a) and (b) in section 5, as set forth above, clauses (a) and (b) of the printed bill be left alone and that a new clause (d) be added to read the same as clause (b) set forth above. This would, of course, accomplish the same thing and might simplify the presentation of the proposed change.

Very truly yours,

RALPH H. SWINGLE.

#### STATEMENT OF HAROLD F. WATSON, REPRESENTING THE AMERICAN PATENT LAW ASSOCIATION

Mr. WATSON. I am here in behalf of the American Patent Law Association. At a stated meeting of the association on April 20 of this year, the members present voted unanimously in favor of the purposes of this bill as they understood them and referred the matter further to the laws and rules committee to consider the bill and to devise possible amendments. The laws and rules committee did

consider the bill; and, briefly, its report is that—I might say that we have filed a statement which I ask to be made a part of the record.

Mr. LEWIS. That may be done.

(The statement referred to is as follows:)

STATEMENT OF HAROLD F. WATSON ON BEHALF OF THE AMERICAN PATENT LAW ASSOCIATION

As the Supreme Court said in *Mercoid Corporation v. Mid-Continent Investment Company* (320 U. S. C. 661):

"The result of this decision, together with those which have preceded it, is to limit substantially the doctrine of contributory infringement. What residuum may be left we need not stop to consider."

In the opinion of many patent lawyers the "residuum" left in the doctrine of contributory infringement is so small and uncertain in extent that, in effect, the doctrine has been nullified. Certainly, most of us would hesitate to advise a client to attempt to enforce his patent against a contributory infringer, no matter how grievous the offense. In fact, in the *Mercoid* decision the Court assumed that *Mercoid* did not act innocently; and, in fact, the lower court was unable to find any use for the accused device other than in contributing to the infringement of the patent in suit. Moreover, the validity of the patent was assumed. Nevertheless, relief was denied.

I do not advert to the *Mercoid* decision for the purpose of rearguing that case but merely to emphasize the fact that the doctrine of contributory infringement has been so seriously questioned in that and the preceding decisions as to be of little, if any, value today in the enforcement of patents. The proposed legislation would have the effect of reestablishing the doctrine of contributory infringement as a living and valuable part of the law.

At an open meeting of the American Patent Law Association held April 20, 1948, the members present at the meeting voted unanimously in favor of the purposes of the present bill, and delegated the laws and rules committee of the association to devise and suggest any needed amendments. The laws and rules committee has considered the bill from this standpoint and while we feel that the results of our efforts fall short of perfection, we nevertheless think that certain amendments would improve the present bill.

The principal amendment is in connection with the opening section of the bill which provides "that any person who shall actively induce infringement of a patent shall be liable as an infringer." The words "actively induce" appear to us to be rather indefinite, and susceptible of a construction which would be much too broad in our opinion. Thus, the mere verbal expression of an opinion to the effect that a certain construction would not infringe a patent, or that the patent was invalid, might in a sense constitute an active inducement to the infringement of the patent. Even more clearly, it would seem, the positive assertion of a lawyer to his client that a certain construction would not infringe the patent, would tend to induce the client to embark upon a course which might later be held to constitute an infringement of the patent.

On the other hand, persons who furnish goods or services intended for a definite use, either in carrying out a patented process or in constructing or using a patented article or machine, should be held liable as contributory infringers, if in fact an infringement ensues. Therefore, it is suggested that section 1 of the bill be amended to read: "Any person, either with or without knowledge of a patent, who by his act aids another to infringe the patent shall be liable as a contributory infringer." It will be seen that under this language it is unnecessary that the person performing the act in question need be shown to have had knowledge of the patent but that, on the other hand, he must have "aided" the accomplishment of the infringement. This is believed to be in line with the traditional definition of contributory infringement which is that it consists in "intentional aid or cooperation in transactions which collectively constitute complete infringement."

It is felt that in order to improve the format of the bill, sections 2 and 3 should be transposed. Section 3 now defines what acts constitute contributory infringement, and having thus stated what the acts are, the next section should state that any person who does those acts shall be liable as a contributory infringer. Therefore, new section 2 will read:

"The sale of a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, if especially made or adapted for use in infringement of such patent, and not

suitable for actual commercial noninfringing use, shall constitute contributory infringement."

New section 3 shall read:

"Any person who shall contribute to the infringement of a patent in the manner set forth in section 2 shall be liable as a contributory infringer."

You will note that in this section reference is made to the preceding new section 2, and that the use of the word "contributory" has been made in connection with infringer.

Section 4 is approved; this section merely codifying existing law. However, it is felt that the last clause reading, "even though sold with the knowledge or expectation that it will be used in infringement of the patent," should be canceled, inasmuch as this has been included in new section 1.

Section 5 is approved as it stands, this section eliminating the restraints imposed upon the doctrine of contributory infringement by the Mercoid case.

We feel that the enactment of some such legislation as this is of real necessity and we sincerely hope that a bill along this line will be favorably reported.

Mr. WATSON. That section 1, the words "actively induce" are indefinite and capable of an interpretation which, in the opinion of the committee, would be much too broad. If that section is necessary at all—

Mr. KEATING. Do you think it is, Mr. Watson; do you think it is necessary?

Mr. WATSON. No; individually I do not think it is necessary.

The following language is suggested in lieu of it:

Any person, either with or without knowledge of a patent, who by his act aids another to infringe the patent shall be liable as a contributory infringer.

Mr. KEATING. Well, the contributory infringement is dealt with in section—

Mr. WATSON. The word "contributory" is superfluous there, speaking now as an individual.

Mr. KEATING. Your suggested language would be a substitute—would it not, for both sections 1 and 2, or is it just section 1?

Mr. WATSON. It would not be a substitute for section 2 because section 2 is specific as to section 3, as to particular acts recited in section 3, and the suggested language would cover, however, acts which are not specific or defined in section 3 but would not cover mere words or other things which might be encompassed within the meaning of "induce."

Mr. KEATING. You do not share the fear that the attorney for the NAM does that this might stick the lawyers, do you?

Mr. WATSON. That has been suggested, by lawyers.

Mr. KEATING. You do not seriously worry about it, do you?

Mr. WATSON. No; individually I do not seriously worry about it. But I think that the nonlawyer could do things which have not heretofore been held to be infringement or contributory infringement but which might induce someone to commit an infringement. In other words, the word "induce" in our opinion is too broad and indefinite and that is the reason for the suggested change in the language, if in fact section 1 is necessary.

That is all I have to say.

Mr. LEWIS. You think really it should go out?

Mr. WATSON. In its present form it should go out.

Mr. KEATING. You prefer to see nothing or the language which you have suggested?

Mr. WATSON. I would prefer to see the language which I have suggested because I do not think that without section 1 the bill is as



broad as its sponsors want it to be and I think that the association favored an enactment which would be that broad.

Mr. LEWIS. Now, what is your language; may I get that again?

Mr. WATSON (reading):

Any person, either with or without knowledge of a patent, who by his act aids another to infringe the patent shall be liable as a contributory infringer.

The significant words are "act" and "aids."

In other words, he must do something more than talk and you must aid the infringement as distinguished from inducing. Now, that may be a distinction without a difference. I am not a lexicographer and I simply do not know and the committee did not know.

We also suggested another simple change, a change in position of sections 2 and 3 but that is immaterial at this stage of the proceedings, it seems to me; that is referred to in the statement.

Mr. LEWIS. You mean it should be transposed?

Mr. WATSON. Yes, sir.

Mr. LEWIS. Thank you very much.

Is there anyone else who wants to be heard on this bill?

Mr. CASE. Mr. Chairman, it occurs to me that probably it might be helpful to the committee if the sponsors of the bill, the people who drafted it originally and first testified today, would be given an opportunity to comment on some of the suggestions made for amendments and criticisms of the bill by letter addressed to the committee within a reasonable time, if that would meet with the committee's approval.

Mr. LEWIS. That is perfectly all right; surely.

Mr. CASE. Thank you, sir.

Mr. KEATING. Or we would be very glad to hear the gentleman from New Jersey on the subject.

Mr. CASE. It is always a pleasure to appear before my colleagues.

Captain ROBILLARD. Mr. Lewis, I have a statement I would like to introduce. I will not take your time to give any testimony except to possibly point out that we feel from an administrative standpoint in the Navy that from an every day operation of patents, it would be of substantial help if we either reestablished it or cleared it out of existence. It is our recommendation, however, that it be reestablished within the limitations of the subject bill.

Mr. KEATING. In other words, you favor the bill?

Captain ROBILLARD. We favor the bill.

Mr. LEWIS. Thank you very much.

(The statement referred to is as follows:)

STATEMENT OF CAPT. GEORGE N. ROBILLARD, ASSISTANT CHIEF OF NAVAL RESEARCH FOR PATENTS AND PATENT COUNSEL FOR THE NAVY DEPARTMENT ON H. R. 5988, PROPOSING STATUTORY DEFINITION OF THE DOCTRINE OF CONTRIBUTORY INFRINGEMENT

The subject bill proposes a legislative definition of "contributory infringement" of letters patent.

The bill defines contributory infringement, both affirmatively and negatively, thus setting forth legislative definitions for the guidance of those who administer it within the governmental departments.

As many others have discussed the doctrine of contributory infringement in detail, the views herein will be confined to the effects the establishment of such definitions would have in the everyday administrative operations of the Patents Division of the Navy Department.



At present there are those who will argue that the doctrine of contributory infringement has ceased to exist. There are others who claim it exists within very narrow limits. As a result, the facts must be determined in each specific instance and a conclusion drawn from such facts. This is a most unsatisfactory condition for it strikes right at the heart of procurement matters. At present it is the consensus of the patent lawyers of the Navy Department that the doctrine has, for all practical purposes, ceased to exist. The difficulty, however, is that we have no assurance that at a later date the Supreme Court might reverse itself and bring the doctrine of contributory infringement back into existence. Should this occur, we could find ourselves to be infringers tomorrow, whereas we are not today.

In the matter of procurement, contractors are also at a loss, for they are called upon to make known to the Navy Department whether or not, within their knowledge, the product which they are supplying constitutes an infringement of any unexpired patent. A contractor may well have knowledge of a patent which might be contributorily infringed if, the doctrine does exist. He is therefore confronted with the problem of whether in answer to the Navy's question as to whether any patents will be infringed he should say yes, or no maybe.

As a result of the present uncertainty, the Navy, in its administration, is forced to play Twiddledee and Twiddledum. When procurement matters are involved we assume that the doctrine exists. If we are buying from other than the patent owner, an indemnity clause is insisted upon. On the other hand, if someone charged us with contributory infringement we assert that the doctrine does not exist, leaving the patent owner to his remedy of suit in the Court of Claims. You can readily appreciate that being placed in this position is most distasteful; however, we must on the one hand protect the Government against future liability, and on the other hand deny a liability, when as here, we are working under a cloud.

The question of whether or not the doctrine of contributory infringement should be reestablished, is a difficult one to answer. There are arguments both ways. It is possible that if the doctrine were reestablished it might cost the Government some money. However, the benefits to be gained would appear to offset any loss. I dare say there are manufacturers today who will not establish an inventory of parts peculiar to their patented device, because when such parts are needed, another might underbid them. If time is not of the essence, such a situation makes little difference to the Government; however, if time is of the essence, the availability of the parts might well be of paramount importance.

In view of this it is believed that the reestablishment of the doctrine might well result in manufacturers maintaining an inventory upon which the Government could draw in case of an emergency. Moreover, it would lend an incentive to the patent owner to go into production when the field might be saturated with only a few hundred machines, if, as a result of producing the machines, probably at little or no profit, he could be assured of a market for the parts or material, peculiar to the patented structure but upon which no separate patent may be obtained.

Inasmuch as the bill makes clear that staple articles and commodities of commerce, not especially made or adapted to use in a patented invention, and suitable for actual commercial use are outside its scope, it would appear that both the public and the Government are amply safeguarded, if the doctrine is reestablished.

In summing up, it might be said that the doctrine of contributory infringement should be either reestablished or legislated completely out of existence in order that the atmosphere may be clarified. It is recommended, however, that it be reestablished within the limitations set forth in the subject bill.

There has been insufficient time in which to clear this statement with the Bureau of the Budget, therefore it is not known whether it is in accordance with the policy of the President.

Mr. LEWIS. If there is nothing further on H. R. 5988, let us proceed with the consideration of H. R. 4061.

(At 12:15 p. m., the committee proceeded with other business.)



# CONTRIBUTORY INFRINGEMENT IN PATENTS AND DEFINITION OF INVENTION

WEDNESDAY, MAY 5, 1948

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON PATENTS OF THE  
COMMITTEE ON THE JUDICIARY  
*Washington, D. C.*

The committee met, pursuant to recess, at 12:15 p. m., in the committee room of the Committee on the Judiciary, Hon. Earl R. Lewis (chairman of the subcommittee) presiding.

Present: Hon. Earl R. Lewis, Hon. E. Wallace Chadwick, and Hon. Kenneth B. Keating.

Also present: Hon. Clifford P. Case.

Mr. LEWIS. The committee has before it for consideration H. R. 4061.

(H. R. 4061 is as follows:)

[H. R. 4061, 80th Cong., 1st sess.]

A BILL To establish a criterion of invention with respect to patent applications and issued patents, and to amend section 4886 of the Revised Statutes, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 4886 of the Revised Statutes, as amended (35 U. S. C., sec. 31), is hereby amended by adding thereto the following sentences: "When, in any proceeding before any tribunal having jurisdiction to determine the patentability of a claim in a patent application or the validity of a claim of an issued patent, the issue arises in respect to the question of whether the subject matter defined by such claim amounts to invention, that question shall be one of fact and all evidence relevant, competent, and material concerning the question shall be admissible. If the preponderating weight of such evidence shows that the subject matter of the claim complies with the requirements previously set forth in this section and fills a long-felt want, such evidence shall be deemed sufficient to constitute proof that the subject matter of the claim amounts to invention, provided the preponderating weight of such evidence further shows that, prior to such invention, the skill of the art to which the invention appertains had not supplied such want and in its then state of development was unable so to do."

## STATEMENT OF JOSEPH V. MEIGS, PATENT LAWYER, NEW YORK 17, N. Y.

Mr. LEWIS. The committee will hear now from Mr. Meigs.

Mr. MEIGS. My name is Joseph V. Meigs; I am a patent lawyer with offices in New York City.

I appreciate very deeply the privilege of appearing before the subcommittee in behalf of H. R. 4061 introduced by the Honorable Ralph Gamble.

Mr. KEATING. Are you a constituent of Mr. Gamble?

Mr. MEIGS. Yes, sir; I am.

Unlike the witnesses for the bill which we have just heard, I do not represent any association or group, and therefore I will have to let this bill speak for itself. I have no doubt that a great many other witnesses would appear before the committee, if it so desires.

But at the moment, I represent only myself in arguing in support of the bill.

I have a written statement of which a number of copies have been submitted, and at the moment I will not read from the written statement. I should merely like to present very briefly the reasons why I think the bill should be enacted—that is, the need for the legislation.

Mr. KEATING. May I interrupt, Mr. Meigs? Are you an inventor?

Mr. MEIGS. I am a patent lawyer.

Mr. KEATING. And this proposed bill arises by virtue of something which you have encountered in your practice, does it?

Mr. MEIGS. That is correct; yes, sir. In a word, industry and investment of capital are, I suggest, greatly impeded at the present time by a condition of confusion which exists in relation to the question of invention. The bill relates to that question and the purpose is to provide that under a proper state of facts there will be reasonable assurance that patent protection can be obtained for an invention in the Patent Office, and perhaps what is of equal importance or even greater importance that after the patent has been issued, it will be held valid in the courts. That is the fundamental purpose.

Now, assume the following state, for example. I think I can illustrate the intent behind the bill by a specific illustration very briefly. Let us assume the following facts to exist. Assume that a demand has existed for a long time for a new product and that the best minds in the industry and art have failed to satisfy that demand. In other words, a problem has existed for a long time which has remained unsolved. Then assume this also, that Mr. X, call him the inventor, for any reason under the sun, whether by inspiration, sudden inspiration or long-continued experiment, what Edison referred to as "perspiration"—he said that invention was 95 percent perspiration and 5 percent inspiration.

But for any reason at all, let us assume that that problem is solved. Now, thereby a basis for a new invention is created. Let us also assume that after it is solved, as so frequently happens, it appears very, very easy, viewed after the event and by hindsight.

Just take a specific case that has occurred to me as a hypothetical case, to crystallize the thought a little more concretely. Just assume this, for example: Let us assume that Mr. X has produced a radically new writing machine, considering, for example, a machine of such a character, perhaps involving some of the principles of the typewriter, by means of which one could merely speak into a tube, such as the tube of an Ediphone or Dictaphone or so on, with a letter or other document on a platen and the voice would actually operate the keys so that the letter would be written directly by the voice of the dictator.

Mr. KEATING. You haven't any of those for sale, have you?

Mr. MEIGS. I would like to have one. I certainly could use one of those—and many other people could. I think we could assume in that case that a demand had existed for a long time for a machine of that character, and I think we could also assume that the best minds, scientists, inventors, artisans, and so forth, have had that demand in mind, and we will assume they have tried to produce that machine and have been unable to do so.

Assume further that it is actually produced, as it will be some day. After it is produced, it is a combination of individual bolts, nuts, electronic tubes, wires, and so forth as every machine is, has to be; therefore the individual parts of that machine are old. But Mr. X has put them together in a new way that the best minds in the art were unable to accomplish. Let us also assume further—this is a typical case as I think most patent attorneys will agree—that after it is done it appears to be very, very simple, so that judged after the event it appears so simple as to be obvious and the judge or possibly patent examiner sitting in judgment, if he belongs to one school of thought, will say, "Well, I am afraid that is not patentable." Or if he happens to be sitting in court as a judge in an infringement case he may say, "I am afraid I am not going to hold that patent valid because it looks too easy to me. I think I could have done it. I think any man skilled in the art could have done it." But the facts which we have assumed are to the contrary—that the men best skilled in the art have tried to do it and have actually failed.

Now, in order to launch that new industry, capital is necessary. As a usual thing, there may be exceptions; probably are; but capital will be necessary to produce that new machine in quantity. Perhaps a half million dollars will be necessary for development expenses to get that on the market. And for the most part that capital cannot be obtained unless there is some reasonable assurance, or at least reasonable probability that a patent will be obtained; some reasonable assurance that when the patent is tested in court that the patent will be held valid, otherwise it would be rather difficult to persuade capital to invest, say, half a million dollars or more in a new development.

Now, according to the weight of authority of the legal decisions, and there are a great many running over the last 50 or more years, 75 or 100 years, under the facts which we have assumed, patent protection should be granted and if that patent is tested in the courts, that patent should be held valid under the weight of authority. If all the decisions are assembled and analyzed and run down—and I have a few of them listed in the memorandum attached to the written statement—

Mr. KEATING. What about the decisions of the last 15 years?

Mr. MEIGS. I think even in the last 15 years. You are correct. The difficulty is that there are two schools of thought and in the last 15 years what I will call the second school of thought has rather prevailed because the second school of thought approaches it from a different point of view. He does not follow the great weight of authority, including decisions prior to the last 15 years. It looks backward subjectively. That is, from the mind of the court or the Patent Office examiner. It does not follow, in the case of some of them, and does not give, does not follow the great weight of authority.

In other words, we have two standards and the second standard has been emphasized during the last 15 years so that at the present time—

Mr. LEWIS. It is difficult for me to see what standard they are following at the present time.

Mr. MEIGS. The standard they are following is one of purely personal views and predilections.

Mr. LEWIS. And prejudices.

Mr. MEIGS. At the present time—and prejudices—so that the question is wholly up in the air. Of course, if one finds that an examiner or court belonging to the first school of thought, and there are some—then we know what the standard is. That is the first standard which I mentioned.

But the second standard is, as Your Honor has just mentioned, subject to the personal whims, predilections, views, and prejudices of the judicial officer so that at the present time, and the same thing has been true now for some years, it is impossible to give any accurate, honest opinion as to whether a given invention will receive a patent or what is more important, whether it will be held valid in the courts. That condition acts as a brake on new enterprise and capital.

The purpose of H. R. 4061 is to emphasize the first standard. At the present time, there is no legislative guide whatever to determining the question of invention. Invention has never been defined accurately and perhaps never will be; but there are certain conditions under which it is suggested invention should be filed; certain facts, well-established facts. Even as recently as 1944 the Supreme Court followed the first standard. That may be an exceptional case because in other instances it has, of course, followed the second standard.

But, if a legislative enactment is set up which will provide that if certain facts are adequately proved, then the patent will be held valid in the courts or in the Patent Office, protection will be granted. Then we have some definite yardstick at least as to those circumstances.

The bill does not make any attempt to do what never has been done yet. It merely takes a step in what is suggested as the right direction by emphasizing what has been referred to as the first standard, which is based upon the facts which have been assumed and, if that is enacted into legislation, it seems quite reasonable to conclude that that will be followed under those proven facts so that if we get a case, and they are very frequent, those cases are what Judge Hand has referred to as the classic test of an invention. So the purpose of H. R. 4061 is to, perhaps I should say, reestablish, although I think the weight of authority, if we consider the last 75 years in their entirety, is in accordance with the first standard—the purpose of the bill is to establish that as the correct standard and discourage the purely personal hindsight ex post facto or what I might perhaps say frankly the guess-work approach and come down to earth and establish something approaching a definite yardstick which is the time-order test of invention when the facts are adequately proved.

That summarizes the purpose and the intent and completes, I believe, my oral statement. The written statement has been submitted.

Mr. LEWIS. The written statement may be admitted.

(The statement referred to is as follows:)

STATEMENT OF JOSEPH V. MEIGS BEFORE THE HOUSE SUBCOMMITTEE ON PATENTS  
IN SUPPORT OF H. R. 4061

One of the principal defects of the patent system is the uncertainty which exists as to (1) whether a meritorious invention will receive patent protection in the Patent Office and (2) whether if patented there is reasonable likelihood that the patent will be held valid by the courts in litigation proceedings.

This uncertainty and doubt acts as a serious deterrent to business development and enterprise based on new products, machines, articles, and processes.

The purpose of H. R. 4061 is to remedy this condition.

In proceedings (1) to obtain a patent and (2) to enforce the patent in the courts against infringers, one of the principal questions is whether the subject matter claimed in the patent amounts to invention.

At the present time there is no legislative guide to assist Patent Office examiners and courts in determining the question of invention. To a large extent that question is determined by ex post facto or hindsight judgment.

No all-embracing comprehensive definition of what constitutes invention has ever been devised and H. R. 4061 does not attempt to do so.

However a long line of decisions extending over a period of more than 50 years shows (1) that the preponderating weight of authority recognizes that invention is not a mere matter of hindsight opinion or guess work but is a question of fact, and (2) that if certain criteria are adequately proved as facts, then a new machine, article, product, or process should be held to constitute an invention. Some of those decisions are set forth in the accompanying law memorandum.

The factual criteria mentioned are set forth in H. R. 4061, and it is essentially a proposed statutory codification of the above-mentioned weight of authority set forth in the decisions or case law.

The uncertainty above-mentioned is due in large part to the existence of two different schools of thought among courts and Patent Office examiners.

One school follows the weight of authority. The other school disregards it. When the question of invention arises in a tribunal belonging to the latter school, the outcome depends largely or entirely on the ex post facto mental processes and personal predilections of the Patent Office examiner or court as the case may be.

The relative merits of the above-mentioned schools of thought are clearly indicated by the following excerpt from the decision of the Supreme Court in *Diamond Rubber Co. v. Consolidated Rubber Tire Co.* (220 U. S. 428):

"Knowledge after the event is always easy, and problems once solved present no difficulties, indeed, may be represented as never having had any, and expert witnesses may be brought forward to show that the new thing which seemed to have eluded the search of the world was always ready at hand and easy to be seen by a merely skillful attention. But the law has other tests of the invention than subtle conjectures of what might have been seen and yet was not. It regards a change as evidence of novelty, the acceptance and utility of change as a further evidence, even as demonstration."

The same view as expressed by the same court as recently as 1944 in the case of *Goodyear Tire & Rubber Co. v. Ray-O-Vac Company, Inc.* (321 U. S. 275). See attached memorandum.

However, as is well known, many courts apply the hindsight test. Since that test depends entirely on the personal opinion of the deciding tribunal, there is no way of judging the probable outcome.

The purpose of H. R. 4061 is to establish a legislative rule that the question of invention shall wherever possible be determined on an objective, factual basis.

#### LAW MEMORANDUM

In *Goodyear Tire & Rubber Company v. Ray-O-Vac Company, Inc.* (321 U. S. 275), the Supreme Court of the United States said:

"Viewed after the event, the means Anthony adopted seem simple and such as should have been obvious to those who worked in the field, but this is not enough to negative invention (citing numerous 'old' Supreme Court decisions). \* \* \* Once the method was discovered it commended itself to the public as evidenced by marked commercial success. These factors were entitled to weight in determining whether the improvement amounted to invention and should, in a close case, tip the scales in favor of patentability."

Compare that statement made in 1944 with the following statement made by the same Court in 1895 in the case of *Potts v. Creager* (155 U. S. 597; 15 Sup. Ct. 192, p. 199):

"As we said in *Smith v. Vulcanite Company* (93 U. S. 486) and *McGowan v. Packing Co.* (141 U. S. 332, 343, 12 Sup. Ct. 71) where the question of novelty is in doubt, the fact that the device has gone into general use and displaced other devices employed for a similar purpose, is sufficient to turn the scale in favor of the invention."

The law on the question is briefly summarized by Walker on patents (Deller's Edition, vol. 1, p. 123) which states that:

"Another strong circumstance to establish the quality of invention is the fact that the patentee has succeeded after others seeking the same result have failed [citing a long list of cases]."

In the case of *Loom Co. v. Higgins* (105 U. S. 580), the Court epitomized the good sense and logic of much that lays behind the progress in the industrial arts as stimulated by patents, in the following language:

"\* \* \* but it is plain from the evidence, and from the very fact that it was not sooner adopted and used, that it did not, for years, occur in this light to even the most skillful persons. It may have been under their very eyes, they may almost be said to have stumbled over it, but they certainly failed to see it, to estimate its value and to bring it into notice. \* \* \* Now that it has succeeded it may seem very plain to anyone that he could have done it as well. This is often the case with inventions of the greatest merit \* \* \*"

Let it be noted that in 1944 the Supreme Court in the *Goodyear v. Ray-O-Vac* case referred to and relied upon the doctrine of *Loom Co. v. Higgins*.

In *Topliff v. Topliff* (145 U. S. 156, 12 Sup. Ct. 828) the Court said:

"It is not sufficient to constitute an anticipation that the device relied on might by modification be made to accomplish the function performed by the patent in question if it were not designed by its maker, nor adapted, nor actually used for the performance of such functions."

In *Lucke v. Coe* (1934 C. D. 44) the Court of Appeals of the District of Columbia, in reversing the Patent Office rejection, said:

"The record discloses that the Hoover Company maintains a corps of engineers whose duty it is to design improvements in suction cleaners. All the patents relied upon by the Patent Office as anticipating Lucke's device were before these engineers, yet they were unable to do what Lucke has done; namely, produce a machine that is a greater advance over the prior art than any one of the patents referred to by the Patent Office Tribunals. It is comparatively easy, now that the Lucke device is in evidence, to take this and that from the references and achieve a *nunc pro tunc* solution of the problems confronting Lucke when he made his invention."

There again in reversing the Patent Office, the Court of Appeals of the District of Columbia in *Wach v. Coe* (453 O. G. 463) said:

"For almost 25 years patents have been granted in this art on devices proved to be practically worthless and yet appellant has been refused a patent on his successful device because the Patent Office has found that by taking this and that from the unsuccessful patents, the result achieved by appellant could have been accomplished."

MR. KEATING. The trend of the recent Supreme Court decisions has been to make it increasingly difficult to show that a patent is valid and infringing, is that not so?

MR. MEIGS. That is correct.

MR. KEATING. And the purpose behind 4061 is to reverse that trend?

MR. MEIGS. Correct.

MR. KEATING. Those are fair conclusions, are they, of both the trend and the purpose of your measure?

MR. MEIGS. I would subscribe to that opinion. I think that puts it very well indeed.

MR. KEATING. Has the Justice Department been advised of the hearing on this bill?

MR. BERNHARDT. Yes, sir; they have.

MR. KEATING. I note in the first sentence that at the end of it you say, "All evidence, relevant, competent, and material concerning the question shall be admissible." Is that not so under existing law?

MR. MEIGS. It is; but the purpose of that—I might say by way of supplement that this bill is intended to codify and enact what is believed to be the weight of authority which does not now exist.

MR. KEATING. I am just questioning whether those words are necessary. I should think in any tribunal evidence which fulfilled those requirements would be admitted. Are there cases where it has been excluded, although relevant, competent, and material?

MR. MEIGS. Yes; I have had cases of that character.



Mr. KEATING. Excluded on what ground?

Mr. MEIGS. On the ground that it is immaterial.

Mr. KEATING. If it is immaterial, it does not qualify under the language you have suggested. You have suggested all evidence, relevant, competent, and material, shall be made admissible. I am not convinced of the necessity for that language.

Mr. MEIGS. It may not be. Of course, the first part of the bill emphasizes what is also the law or should be recognized as the law by tribunals that pass upon the question, namely, that invention is a question of fact and not one of law.

Mr. KEATING. Have tribunals held that it is not a question of fact but is one of law?

Mr. MEIGS. Some have. The majority hold that it is a question of fact.

Mr. KEATING. What has the Supreme Court done under its recent decision?

Mr. MEIGS. As far as I know, the Supreme Court has not done that.

Mr. KEATING. So that to say that the question shall be one of fact does not in any way alter the recent Supreme Court decisions?

Mr. MEIGS. I think that is correct. Now, there may be some to the contrary but I have in mind on particularly which was the Ray-O-Vac case, *Goodyear v. Ray-O-Vac*, in which fact was certainly considered the foundation of decision in that case.

Mr. KEATING. Of course, there comes a line when fact and law merge; but an absence of facts can be so great as to become a question of law, or the presence of facts can become so preponderating as to verge into the field of becoming a question of law. I am not convinced as to what the first sentence of your suggested measure adds to the present decisions of the Supreme Court.

Mr. MEIGS. Perhaps it could be improved. The purpose of it I think I could point out in this way by stating that it is tied up with the second part in this sense, that there is such a great tendency and has been now for the period you mention, to regard this matter of invention purely as a matter of opinion, that as within the mental processes of the judicial officer, together with all his idiosyncracies and personal predilections.

Now, that is something which is quite remote from hard and cold fact and that is, I think, the intent of the first part, to emphasize that invention should be determined by merely hindsight opinion of the presiding officer based upon his predilections and mental processes, but that he should divorce his mind from that *ex post facto* point of view and go back as far as he can and use the facts which existed prior to the invention as the yardstick, invention being a question of fact, and I think it is correct that as a matter of actual law, invention is recognized generally as question of fact; but the difficulty is that sufficient importance is not given to that in arriving at decisions.

Mr. KEATING. If the judge of the lower court determined the fact one way, the Supreme Court in its decisions has not reversed that, has it, unless it has found that that finding of fact is unsupported by substantial evidence?

Mr. MEIGS. I would submit that in a number of cases that has occurred. Not only in the Supreme Court but in the circuit courts of appeals. The lower court has made certain findings of fact. Now,

under the Federal rules, those should be binding unless there is some strong reason for overturning them because the lower court sees the witnesses, hears them, and is best able to make fact findings.

On the other hand, one of the circuit courts of appeals has actually said that it will start ab initio with the whole case and in effect not pay weight to the findings of the lower court and decide the issue wholly anew; so that, so that that power of the circuit court of appeals and the Supreme Court to arrive at decisions may or should be bound by the fact findings of the district court. But unfortunately I rather doubt whether in all cases that is true.

Mr. LEWIS. Of course, we cannot remedy that situation in this bill.

Mr. MEIGS. Not in this bill, Your Honor.

Mr. LEWIS. That is a procedural matter.

Mr. MEIGS. That is a procedural matter which is already taken care of in other statutory enactments such as the Federal Rules of Practice. They should be followed. Here, emphasis is laid upon the proposition that invention is a factual thing and not a matter of opinion and therefore that after the facts have once been decided, that those should control rather than the court's mental processes.

Mr. LEWIS. I am somewhat in doubt about the language here, some of this language, and it may complicate the matter instead of helping it.

For instance, that hypothetical case that you put. I do not believe that that case would come within this language because there is no long-felt want to talk into a machine and have your words reproduced by the machine. There is nothing in existence and nobody wants that, but they would think the moment that such a thing occurs that it satisfies a long-felt want.

Mr. MEIGS. What I had in mind in presenting that hypothetical case was this—

Mr. LEWIS. I meant it would be very desirable to have it. But it does not fill a long-felt want.

Mr. MEIGS. Many, many courts have said this—this case to which I referred was the weight of authority—"How are we to establish the fact that there has been a demand?" You see, the whole theory of that weight of authority is if an invention—I am calling it an invention loosely—is a matter of mere skill of an artisan or a technologist, then the existence of a demand would normally produce that invention and the fact that it has not been produced shows that something beyond skill is required because the pressure of the demand would, if it merely required the skill of an artisan or technologist, ordinary skill, would produce that article. It is the absence of invention that caused the delay and failure to supply the demand, and many courts have said, how do we show that demand?

There are several ways to show demand. Witnesses can be brought in who will testify that they know that a demand has existed. Or it may be obvious as a matter of law based on the facts that the demand has existed. And another way is to show a great commercial acceptance.

Suppose, for example, that if a machine like that is produced that it will supersede what has gone before to a large extent, as I think it would do, perhaps. I am assuming these facts, of course. Then the fact that the public has taken that new thing and has discarded the old is an indirect way—we call it commercial success—of showing

the existence of a demand. It is an inference, but of course we can prove the demand directly by bringing in witnesses who will, and do, testify to the existence of the demand.

In the case I mentioned, I assume purely for the sake of argument, that there is a demand for that particular invention. That was assumed, an assumed state of facts. Now maybe there is not. I am just assuming that there were a demand.

Mr. LEWIS. Of course, I think there would be the moment that the invention came into being. But these words, "long-felt want" I think may complicate the thing, may defeat the very purpose that you seek by this bill, setting up an arbitrary standard there. We have many wants when they are capable of being filled, but we do not want them because we do not know any better than to do with what we have. And I think your case is one.

Mr. KEATING. It would strengthen your bill to strike out those words, don't you think?

Mr. MEIGS. It would, you think?

Mr. KEATING. I am asking you if you think it would.

Mr. MEIGS. I would like to consider that and have opportunity for appearing again and expressing my views on that. I would like to take that under advisement. I think it is a good suggestion.

Many courts have said this—I have in mind one court particularly and that is what I referred to as the weight of authority in the memorandum, and that is that if a want has existed for a long time for a new product, and if that want has not been supplied, then the failure to supply that want, that being a new product, should be evidence that something more is required than the ordinary skill of the artisan, as we call it. That is the base we take or reference line in respect of which to determine invention. If that want has continued for a long time and has not been satisfied, is that not evidence that something more than ordinary skill, even of the best technologists, is required to supply it?

Everyone is agreed, I think, I submit—as I say, invention has never been defined, but I think all will agree that invention may be stated to be anything which is above and beyond the skill of the art, the skill of the usual technologist.

Mr. LEWIS. That may be a better definition than the one in the bill. I think that may be an improvement on the bill, but I think the words, "long-felt want" probably will defeat your very purpose.

Mr. MEIGS. I will make a note of that.

Mr. LEWIS. You can write us shortly about that.

Mr. MEIGS. What would be the proper procedure? I must confess that my experience in legislative procedures is at a very low ebb.

Mr. LEWIS. You can write to me or to the clerk of the committee and you suggest that.

Mr. MEIGS. I would like to get the suggested changes as clearly as I might at the moment. Could you make a specific suggestion as to this line 4?

Mr. LEWIS. Mr. Keating suggests those words go out. But I think that probably you can supply other words that would fit this situation better than they would seem to do.

Mr. KEATING. May I ask you, Mr. Meigs: You assisted Congressman Gamble in the preparation of this bill?

Mr. MEIGS. I did.

Mr. KEATING. And may I ask of the clerk whether Mr. Gamble was notified of this hearing?

Mr. BERNHARDT. Yes, Mr. Keating; he was notified.

Mr. KEATING. I have very high regard for Mr. Gamble and his ability and good common sense. I would be very glad personally to know the views of Congressman Gamble on this legislation.

Mr. MEIGS. Perhaps you will remember the history of this. I drafted the bill in the original instance. I prepared a draft and sent it to Mr. Gamble. He conferred with you, according to my correspondence, and then it was submitted to the Legislative Reference Service; and then a redraft came back to me, and I approved that. That is the present form. And it was then introduced and then last Friday I received from Mr. Gamble the news that a meeting of the subcommittee had been called for today. The notice was a little bit short to enable me to present any considerable brief on the subject, but I did prepare a written statement which I have submitted, and I hope that the merits of this bill in its present form or revised form will be apparent without the necessity of any great array of witnesses. But perhaps that is desirable.

Mr. Gamble has performed a great many highly meritorious public services, and I certainly would appreciate the privilege of coming here at his invitation to discuss this subject matter. I hope that this will act at least as a starting point for doing away with what I respectfully submit is a condition—I do not want to overstate it; if I overstate, I would say complete chaos on what constitutes invention because that is the question that lies at the heart of most patent suits, and there is no yardstick except the decisions.

Mr. LEWIS. Thank you very much, Mr. Meigs.

The letter from Mr. Ooms, former Commissioner of Patents, may be inserted at this point in the record, it having to do with H. R. 5988, and the statement of Capt. George N. Robillard of the Navy Department will also be inserted.

(The statements referred to are as follows:)

DAWSON, OOMS, BOOTH & SPANGENBERG,  
Chicago 4, Ill., April 30, 1948.

Re H. R. 5988

Mr. C. MURRAY BERNHARDT,  
Chief Clerk, House of Representatives,  
Committee on the Judiciary, Washington, D. C.

MY DEAR MR. BERNHARDT: Your letter of April 27 inviting me to appear before the Patent Subcommittee to testify on H. R. 5988, is appreciated. Unfortunately, I am engaged in litigation on May 5, 6, and 7, which will prevent my appearing before the committee.

I am wholeheartedly in favor of this bill. In my opinion it merely clarifies what most of us in the legal profession believed the patent law to be, and it expressly brings the tort known as patent infringement in line with other torts known to the law.

It has long been the law that any person who participates in the commission of a tort is liable therefor. Under the terms of this bill any person who participates in a patent infringement by furnishing specially adaptable materials or equipment for use in a patent infringement becomes liable as a contributory infringer.

Many attorneys believe the law still to be exactly what this bill so clearly expresses. There are others who, like myself, believe that the doctrine of contributory infringement has been repudiated by the Supreme Court of the United States and is no longer the law. Regardless of which school of thought correctly interprets the law, it is obvious that there is, in this clash of opinion, an area of doubt that should be clarified by legislation. The clear terms of this bill furnish that clarification.

Without analyzing the bill specifically as to its various provisions, any doubt that the law would become burdensome upon normal commercial activities is dispelled by the terms of section 4 which prevent the penalties of contributory infringement being assessed against the vendor of ordinary commodities of commerce suitable for noninfringing use.

The final provision of the statute, that found in section 5, also clarifies the difficult question of what constitutes such misuse of a patent as incurs the penalty of denial of remedy to the patentee.

Doubtless the witnesses who will appear on this hearing may have suggestions with respect to the language of the bill, but in my opinion it is wholesome and constructive legislation.

Respectfully yours,

CASPER W. OOMS.

STATEMENT OF CAPT. GEORGE N. ROBILLARD, ASSISTANT CHIEF OF NAVAL RESEARCH FOR PATENTS AND PATENT COUNSEL FOR THE NAVY DEPARTMENT, ON H. R. 4061 and H. R. 5428, PROPOSING AN AMENDMENT FOR SECTION 4886 OF THE REVISED STATUTES

As others have discussed the legal implications of the subject bills and made known the fact that there is no one in the United States who presently knows what the term "invention" means from a patent-law viewpoint, there marks herein will be confined to its application in the everyday administration of patent law within the Navy Department.

The Congress has authorized the Secretary of the Navy to purchase patent rights, take licenses, and make settlements of charges of infringement. Such authorizations are found in Public Law 604 (60 Stat. 857); Public Law 700, section 1, the Secrecy Act (35 U. S. C. 42); and Public Law 768, section 3, the Royalty Adjustment Act (35 U. S. C. 91).

In carrying out any of the above-indicated functions, if it appears that the patent has been infringed, the validity of the patent must be determined, or if no patent has issued, the prospects of validity if one does issue. To determine validity, it is not sufficient to look to the patent statutes to determine what constitutes "invention." In no instance do the statutes define the term. Article I, section 8 of the Constitution, upon which the patent system is founded, doesn't mention the word "invention"; it refers to discoveries. Thus we must look to court decisions to determine what constitutes "invention." The term has been defined ad infinitum but no one can point to one definition and say, "That is it."

In this connection the Radio Corp. of America has published an interesting booklet, entitled "Patent Notes for Engineers." The authors of the booklet were unable to find any definition of "invention" to guide their engineers. They do set forth 14 rules of what usually does not constitute "invention," then cite exceptions to the negative rules.

Moreover, the test of "invention" becomes increasingly stricter as a disclosure passes from a patent application to a patent and then to a charge of infringement or litigation. When in the application stage, the examiners of the Patent Office do not have the time to search exhaustively the prior art, and they also resolve doubts in favor of the applicant. When a claim for infringement is submitted to a department, we are confronted with the very realistic situation that upon our decision rests an expenditure or nonexpenditure of Government funds, and lacking established standards for determining "invention," we feel bound to follow the strict interpretations made by the Supreme Court.

As the Second Circuit Court of Appeals stated in *Picard v. United Aircraft Corporation* (128 F. (2d) 632 (cert. denied, 317 U. S. 651)):

"We cannot, moreover, ignore the fact that the Supreme Court, whose word is final, has for a decade or more shown an increasing disposition to raise the standard of originality necessary for a patent. In this we recognize 'a pronounced new doctrinal trend' which it is our 'duty, cautiously to be sure, to follow, not to resist.'"

If the courts find it necessary to follow the Supreme Court, it appears that administrative officers, in interpreting the law, must do likewise. If our decision is adverse to the claimant, he has a remedy by suit in the Court of Claims. If our decision favors the claimant, Government funds are expended.

Obviously if there were legislative standards of "invention" the everyday operations would be simplified.

It therefore becomes apparent that a defined standard of invention would be of assistance in the day-by-day operation of Government business.

There has been insufficient time in which to clear these statements with the Bureau of the Budget, therefore it is not known whether they are in accordance with the policy of the President.

Mr. BERNHARDT. Mr. Ooms was counsel for Mid-Continent in the Mercoid case.

Mr. LEWIS. Yes.

Let us now recess until half-past 2 and then come back and hear these other witnesses—those of you who live out of town.

(At 12:50 p. m. a recess was taken.)

#### AFTERNOON SESSION

Mr. LEWIS. The committee will be in order. Is there anyone who cares to talk on H. R. 4061?

Mr. WILSON. Yes, sir.

Mr. RICH. Yes, sir.

Mr. LEWIS. We will hear you first, Mr. Rich. Then we will hear you, Mr. Wilson.

#### STATEMENT OF GILES RICH, NEW YORK PATENT LAW ASSOCIATION, NEW YORK CITY, N. Y.

Mr. RICH. H. R. 4061 and H. R. 5248 both deal with different aspects of the same basic problem of invention. First, a word or two about this matter of invention. Invention is sort of like a hurdle which you have got to get over before you can get a patent, or if you have got it, before you can keep it.

If you want to have a good steeplechase, you are not going to set the hurdles so high that only one horse in the countryside can get over it.

The other angle of invention is that it is really fundamentally a question of public policy. You don't want to grant patents to every trifling advance in an art that any skilled mechanic could produce the minute the problem was presented to him. The general feeling in the patent bar, and I suppose among investors and businessmen, is that the Supreme Court has shoved up this hurdle, pushed up the standard of invention so high that it is getting harder and harder for the people that would ordinarily be considered inventors to get over it. Thereby they are making it less attractive for people to try to invent things, so there is a sentiment abroad, and it has been abroad for some time, to try to bring down this standard a little bit, or at least to take the arbitrariness out of the behavior of the courts when they are faced with this fundamental issue, because a patent is not valid unless it meets the three requirements of utility, novelty, and invention.

H. R. 4061 attacks the problem in this way: It wants to legislate into existence one of the tests that is now applied for determining invention and that test is in patent law known as the long-felt-want test.

The courts have been applying it for years. It happens that the bill as drawn is a pretty rigid statement of that test and in order to meet it you have got to prove the existence of the long-felt want and the failure of those skilled in the art to supply it, and their inability to supply it.

Mr. KEATING. You could get an invention today on something for which there had not been what could properly be called a long-felt want; could you not?

Mr. RICH. Quite so. As Mr. Lewis was pointing out this morning, as to many inventions there isn't any want because nobody could imagine wanting such a thing. That is one of our objections to this bill.

I am speaking for the New York Patent Law Association. The principal objection is that it legislates into existence simply one of the tests which is applied to the term "invention."

We think that would be a very bad policy, that it would emphasize this one test as against all of the others, and that it might have a bad influence on the courts and incline them away from sustaining the validity of the patent which happened to fall into situations where there isn't any long-felt want.

The other bill, H. R. 5248, attacks the same basic problem from a slightly different angle and says that patentability of inventions shall be determined objectively by the nature of the contribution to the advancement of the art and not subjectively by the nature of the mental process by which the invention or discovery or the improvement thereof may have been accomplished.

This bill obviously arose out of a case in the Supreme Court in 1941 called the Flash of Genius case *Cuno v. Automatic Devices*, in which the court made what was an inadvertent remark to this effect: "That is to say the new device, however useful it may be, must reveal the flash of creative genius, not merely the skill of the calling."

Mr. KEATING. Was that Mr. Justice Frankfurter?

Mr. RICH. I don't recall who wrote that opinion. They all tell me it is Mr. Justice Douglas. We don't believe it was intended to make or actually made any new law about the standard of invention. In fact, in a later case in the Supreme Court, *Sinclair and Carroll v. Inter-Chemical Corporation*, the Court made statements which rather clearly showed that they didn't care what the mental process was but nevertheless this case created a sensation. The trade papers are full of articles about it. They even include poetry. When this furor was at its height people wanted to legislate something to overcome what the Supreme Court said had to be a flash of genius.

At that time the National Patent Planning Commission, which was making a study of the patent laws, wrote a report in which they made a recommendation for a law very similar to what is in this bill. The Congress has said nothing at all on this question of invention except that invention must be present, and you get at that in a rather back-handed way in the patent statutes in Revised Statutes 4840.

Some of the judges have been remarking lately that Congress has said nothing on the subject of patents as they have said on other subjects like trade-marks.

Mr. KEATING. Have the Justices of the Supreme Court made that comment?

Mr. RICH. Not that I recall, except that Mr. Justice Black said contributory infringement should be in the statutes if it was going to exist.

On invention I am referring particularly to a dissenting opinion of Judge Clarke's which appears in our prepared statement which I asked leave to file.

Mr. KEATING. The second circuit?

Mr. RICH. The second circuit. We feel that it would be highly desirable if Congress would say something about patents in a kindly vein, particularly on the question of invention, and that it might have a very salutary effect on the courts who are in many cases still following along this flash-of-genius case, thinking that the level of invention has been raised too high.

Mr. KEATING. Have any Supreme Court decisions since Mr. Justice Douglas' pronouncement followed this flash-of-genius theory?

Mr. RICH. It has never been mentioned since. In the Sinclair and Carroll case they refer to it by saying they weren't concerned with the mental process.

Mr. LEWIS. Edison could not have filled those qualifications for invention; could he?

Mr. RICH. Certainly not. His statement was "90 percent perspiration."

The New York Patent Law Association takes this position: The purpose of this bill is admirable and it is a step in the right direction, but we recommend cleaning up the language a little bit and taking out the words "objectively" and "subjectively."

Mr. LEWIS. Where is that?

Mr. RICH. In the last five lines of the bill on page 2. I am speaking of course of H. R. 5248. Those words originated in the suggestion of the National Patent Planning Commission, but the more you think about them the less clear they are.

Another difficulty with the language here is that it says "patentability of inventions" which leaves in the law possibly if a court wants to find it there the matter of defining invention.

That is what we are trying to get away from. So long as invention is there they can say it isn't good enough to be an invention. What we are really concerned with in putting something into the statutes is some test for determining patentability so there is our proposal. Substitute for this sentence in lines eight through fourteen of page two of the bill the following—

Mr. KEATING (interposing.) Is this in a written statement which you are filing?

Mr. RICH. Yes. It is on page 4 of that statement. It reads as follows:

The patentability shall be determined by the nature of the contribution to the advancement of the art not by the nature of the process by which such contribution may have been accomplished.

That meets the object of the bill in overcoming this "flash of genius" test, if any such thing exists. It avoids use of the word "invention" in talking about the determination of the patentability, and finally, it is a statement by Congress if this bill is enacted that they are interested in the subject of patents and that we would like to see the courts following some sort of a uniform reasonable test in determining invention.

Mr. Byerly has a few words to say on this same bill, I think, beyond expressing general agreement with what I have said, I hope.

Mr. KEATING. May I inquire, Mr. Rich, this decision was in 1941?

Mr. RICH. The Cuno case, yes.

Mr. KEATING. How many patents have been sustained by the Supreme Court since this decision?



Mr. RICH. I think one. That was the flashlight battery in the Ray-O-Vac case.

Mr. KEATING. Out of how many cases which have been before them, roughly?

Mr. RICH. I don't have the statistics. I am told there would be possibly 10.

Mr. LEWIS. Mr. Wilson, will you yield to Mr. Byerly? These gentlemen want to get away.

Mr. WILSON. Certainly.

**STATEMENT OF ROBERT W. BYERLY, CHAIRMAN, COMMITTEE ON PATENTS, ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK, NEW YORK, N. Y.**

Mr. BYERLY. I really have nothing to say except the Bar Association of New York takes the same position as the New York Patent Law Association on this last bill discussed by Mr. Rich. We feel that it is a step which may be helpful and if the language is properly drawn it can't do any harm, and that it tends to give a basic rule to go on. It tends to prevent arbitrary decisions on the patentability about what the courts think somebody else might do.

It throws their eyes a little more toward the evidence and the objective nature of the thing. I think it is worth while from that point of view. I have never been able to find inventions specifically with a whole lot of rules that would do the trick. That is too hard for us, anyway. Thank you.

Mr. LEWIS. Thank you.

Mr. Wilson.

**STATEMENT OF CHARLES S. WILSON, CHAIRMAN, PATENT COMMITTEE, AIRCRAFT INDUSTRIES ASSOCIATION, FARMINGDALE, N. Y.**

Mr. WILSON. We are generally in agreement with Mr. Rich. In our statement we filed we treated H. R. 5248 and H. R. 4061 as one of the same proposition. We recommended that the two bills be combined into one section or two sections of the statute as an amendment of the statute.

We are in full accord with H. R. 5248. We endorse it completely. We want that as it stands.

Mr. LEWIS. What do you think of Mr. Rich's suggestion as to amendment?

Mr. WILSON. I think his suggestion is excellent. I am willing to take the bill as written or as he suggests amending it. H. R. 4061 is different. With antagonistic courts, with courts that are antagonistic to the patents, and I don't think there is any question in the last 10 or 15 years that decisions of the courts have evidenced a marked antagonism to evidence, I don't think it is so much what the Supreme Court says as the example it gives to the CCA's and the district courts below. With that attitude on the part of the courts, I think the last sentence of H. R. 4061 is dangerous. That sentence is the "long felt want" sentence. I think it perfectly proper, but I think the way the bill reads, that the court could very well say "This is the only test. It must meet this 'long felt want' test" as you yourself said this

morning. We suggest the last sentence of H. R. 4061 be stricken and this sentence be substituted for it.

While not a present requisite thereto if the preponderating weight of the evidence shows that the subject matter of the claim fills a long felt want which the skill of the art and its then state of development is unable to fulfill, then such evidence shall be deemed to constitute proof of the fact that such claimed subject matter does amount to invention.

If that is proven it then becomes mandatory on the district court to hold that it is invention, but we have a condition now where in the trial of a case you present prior art and the prior art does not anticipate the claims, the court just says it doesn't amount to invention. Sometimes they don't even bother to refer to the skill of the mechanic or to the "flash of genius."

So you would like to see—and this is in our memorandum as filed—that section merely added to H. R. 5248 with this change in it so that both tests of invention will be present in the statute and it will be obvious from the statute if this should happen that the "long felt want" is not an essential because as you remarked the outstanding inventions are not preceded by a known want. The want comes after the invention is developed.

Mr. LEWIS. If you will yield just a moment. Mr. Rich what do you have to say on this suggestion?

Mr. RICH. It seems to me that I still have the same objection, that it is still legislating into existence only one possible test for invention.

Mr. WILSON. It legislates one and does not call it a prerequisite.

Mr. RICH. We had quite a discussion in the association on this bill and this proposal and on the other bill and we felt that perhaps the subject merits a rather prolonged and careful study, and that you could get together all of the good tests for invention, perhaps make a restatement of the law out of them, and get a really good bill, but at this time we have not had the opportunity to do such a thing and therefore we simply back the simple statement of H. R. 5248 as one possible way in which Congress can express its sentiment at this time. You can see what happens.

Mr. LEWIS. Thank you very much.

Mr. WILSON. There is a lot to be said of Mr. Rich's statement but I think it is time that any bill which does not restrict but which defines invention is accepted. I think you will find it helpful in the Patent Office as well as in the courts. I would like to make of record a telegram that I received yesterday from the patent counsel for Glenn L. Martin, Mr. W. D. Farrington. He asked me to read this telegram to the committee. [Reading:]

Please urge favorable action on Hartley Bill.

That is H. R. 5248.—[Reading:]

Courts would welcome congressional guidance provided by language of the bill. Point out to the committee that the National Patent Planning Commission appointed by President Roosevelt made a recommendation as follows: "It is proposed that Congress shall declare a national standard whereby patentability of an invention shall be determined by the objective test as to the advancement of the arts and sciences." This is on page 10 of the House Document No. 239, Seventy-eighth Congress, first session.

It happens to be that Mr. Farrington feels very strongly on H. R. 5248 and could not be here today. He asked me to read that.

Mr. LEWIS. That telegram may be made a part of the record.

Mr. WILSON. Would it be permissible, since we have made two suggestions for changing in the wording of the bill, for us to draft a tentative bill and submit to the committee this change?

Mr. LEWIS. Certainly. We would be glad to receive it.

Mr. WILSON. Thank you, sir.

Mr. LEWIS. The next witness?

**STATEMENT OF GEORGE E. FOLK, PATENT ADVISER TO THE  
NATIONAL ASSOCIATION OF MANUFACTURERS, WASHINGTON,  
D. C.**

Mr. FOLK. I am speaking on behalf of the National Association of Manufacturers.

**THE HARTLEY BILL, H. R. 5248, DEFINING INVENTION**

This bill is identical with H. R. 3694, introduced in the Seventy-ninth Congress, and the wording is also identical with the recommendation of the National Patent Planning Commission.

The recommendation of the National Patent Planning Commission was undoubtedly made in view of the decision of the Supreme Court in the *Cuno case* (314 U. S. 84), which seemed to apply a new standard of invention, that is, the "flash of genius" standard. Since that time, however, the Supreme Court in later decisions has in effect corrected the erroneous impression regarding the "flash of genius" criterion for patentability.

Mr. KEATING. Do you oppose this?

Mr. FOLK. We oppose it as wholly unnecessary. It might possibly add confusion to the subject since it is impossible to define what patentability invention is.

Mr. KEATING. What do you think of the wording suggested by Mr. Rich?

Mr. FOLK. Much better than the wording of the original bill in my opinion. I don't know that it adds anything to what we already have to determine patentability.

Mr. LEWIS. Do you not think that Congress ought to say something on this subject to clarify the thinking of the courts? They seem to have gone far astray.

Mr. FOLK. That is true. That is true, following the "flash of genius" theory, but I think the Supreme Court itself has pointed out that it didn't mean the "flash of genius" as a test at all. I quoted the exact language of the Court in which it stated it wasn't concerned with the quality.

Mr. LEWIS. The trouble with it is that it doesn't really say that they did not mean that.

Mr. KEATING. They may have another "flash" tomorrow, you know.

Mr. FOLK. If there is any danger of that, we should have it corrected. I agree with that.

Mr. LEWIS. Well, it strikes me that this is probably a case where Congress ought to step in and do something. We should do the best we can anyway, provided we do not clutter the thing up and make it worse.

Mr. FOLK. The National Association of Manufacturers is opposed because they feel it was unnecessary to define it. It is only a partial definition of what the patentability invention is, and the question is whether it clarified the issue at all or not. That is the sole ground.

The Gamble bill, H. R. 4061, is designed to specify what constitutes patentable invention under a special set of circumstances. It might be considered as establishing as a criterion the requirement that the invention be proven to be a commercial success before it could be regarded as patentable. Such test would be impractical, not necessarily true, and furthermore, it would not be possible to establish proof in every case that the invention in question fills "a long felt want."

It is believed that the criterion set forth in the bill would not remove any existing uncertainty on the subject and would not further aid the Patent Office or the courts in determining what constitutes patentable invention.

Those are practically the remarks you made this morning yourself. I agreed with what you had to say on the subject. Thank you. That is all I have.

Mr. LEWIS. Thank you very much.

Is there anyone else to be heard on either of these bills?

Mr. BERNHARDT. Mr. Chairman, I have a report here from the Chicago Patent Law Association, recording its opposition to H. R. 5248.

Mr. LEWIS. Do they say why?

Mr. BERNHARDT. Yes, sir. [Reading:]

In the judgment of the subcommittee the proposed amendment of section 488 Second Revised Statutes lacks one of the essential requirements of any statute, mainly, definiteness and clarity. It is believed this bill, if passed, would tend to confuse rather than assist the courts in passing on the question of patentability.

Furthermore, a conscientious judge attempting to follow the dictates of the proposed statute might well place undue emphasis on evidence of commercial success and the like. Of course, many patent cases turn to the issue of whether mechanical skill or patentable invention is involved and in the judgment of your subcommittee no yardstick has yet been proposed for determining this issue by any method which would act as a substitute for the sound judgment of a court.

I might add, Mr. Lewis, that I had some correspondence with the president of the Chicago Patent Law Association, in which he stated that his association had about 25 meetings to discuss this particular problem alone, and were never able to arrive at what they considered a proper solution.

Mr. KEATING. They are all lawyers?

Mr. BERNHARDT. Yes, sir. They are patent lawyers.

Mr. LEWIS. That letter will be made a part of the record.

#### CHICAGO PATENT LAW ASSOCIATION REPORT ON HARTLEY BILL, H. R. 5248

This bill provides in essence that patentability shall be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the mental process by which the invention, or discovery, or improvement thereon, may have been accomplished.

This bill apparently originated from a report of the National Patent Planning Commission in 1943, where in the summary of findings and recommendations the following appears:

"One of the greatest technical weaknesses of the patent system is the lack of a definitive yardstick as to what is invention. To provide such a yardstick and to assure that the various courts of law and the Patent Office shall use the same standards, several changes are suggested. It is proposed that Congress shall declare a national standard whereby patentability of an invention shall be deter-

mined by the objective test as to its advancement of the arts and sciences. It is further proposed that when the validity of a patent is challenged in an infringement suit the court record shall be referred to the Patent Office for its opinion in the light of any new evidence or facts developed during the trial. Finally, it is proposed that a single court of patent appeals be established."

The present bill is one of several legislative efforts to define invention.

In the judgment of the subcommittee the proposed amendment of section 4886 Revised Statutes lacks one of the essential requirements of any statute—namely, definiteness and clarity—and it is believed that this bill, if passed, would tend to confuse, rather than assist, the courts in passing on the question of patentability.

Furthermore, a conscientious judge attempting to follow the dictates of the proposed statute might well place undue emphasis on evidence of commercial success and the like. Of course, many patent cases turn on the issue of whether mechanical skill or patentable invention is involved, and in the judgment of your subcommittee no yardstick has yet been proposed for determining this issue by any method which would act as a substitute for the sound judgment of a court.

The foregoing report was adopted by the legislative committee on March 25, 1948, and was approved by the board of managers of the Chicago Patent Law Association on April 2, 1948.

CHICAGO PATENT LAW ASSOCIATION.

By C. A. SOANS, *President*.

Mr. LEWIS. Are there any other witnesses? If not, the hearing will stand adjourned.

Mr. BERNHARDT. Do you want to set a date for the additional witnesses? There is one from Chicago.

Mr. LEWIS. There is another witness?

Mr. BERNHARDT. From Chicago, but he is not here right now.

Mr. LEWIS. What do you say, next Wednesday?

Mr. BERNHARDT. I was thinking of the Government departments. The Army has not appeared and the Justice Department has not appeared. If Friday would be convenient to them, I suppose the committee would have the time available.

Mr. LEWIS. Friday of this week?

Mr. HACKLEY. That should be adequate time.

Mr. LEWIS. Would that be adequate for the Chicago man?

Mr. BERNHARDT. It will be, sir.

Mr. LEWIS. All right, at 10 a. m., Friday of this week, we will take these up again. Thank you very much, gentlemen.

(Whereupon at 3:50 p. m., the subcommittee adjourned, to reconvene at 10 a. m. May 7, 1948.)



## CONTRIBUTORY INFRINGEMENT IN PATENTS AND DEFINITION OF INVENTION

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FRIDAY, MAY 7, 1948

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON PATENTS OF THE  
COMMITTEE ON THE JUDICIARY,  
*Washington, D. C.*

The subcommittee met, pursuant to notice, at 10 a. m., in room 345, Old House Office Building, Hon. Kenneth B. Keating presiding.

Present: Hon. Kenneth B. Keating, Hon. Francis E. Walter, and Hon. Joseph R. Bryson.

Mr. KEATING. The committee has before it this morning for further consideration H. R. 5988, a bill that provides for the protection of patent rights where enforcement against direct infringers is impracticable.

The first witness to appear before the committee this morning is Mr. I. E. McCabe, chief engineer and chairman of the board of the Mercoid Corp. of Chicago.

### STATEMENT OF I. E. McCABE, CHIEF ENGINEER, MERCOID CORP., CHICAGO, ILL.

Mr. McCABE. Thank you, Mr. Chairman.

Mr. KEATING. Before you start, Mr. McCabe, are you a patent lawyer?

Mr. McCABE. No, sir; I am an inventor, and during the past 35 years I have taken out over 100 patents in my experience involving contributory infringement and involve quite a few of my own patents and in discussions with Representative Case, he suggested I bring to you some of the situations that we have been involved in with the hopes of helping you to determine whether this bill for contributory infringements is the way you wanted.

I personally am opposed to the bill in its present form.

Mr. BRYSON. Do you not think it goes far enough?

Mr. McCABE. I think it may go too far.

If I may, I will start out here.

Mr. KEATING. Have you filed a written statement?

Mr. McCABE. I have, and I have brought with me about 27 copies which should be sufficient for the committee's requirements. The prepared material is in two parts, the first being comments on H. R. 5988 and the second, a proposal for an amendment thereto, defining a defense for one charged with contributory infringement.

I brought this material with the thought that it might be used to substantiate some of the comments and statements I may make. Do you wish me to read this or do you wish to read it at your convenience?

Mr. KEATING. As you wish. Some witnesses prefer to read their statements and others have simply filed their statements.

Mr. McCABE. It will take considerable time to read it and in order to economize the committee's time, perhaps we can dispense with the reading now.

Mr. KEATING. It is not necessary to read it. However, we would be pleased to have you bring out any points which are not contained in the statement. That is, if you prefer to do so.

However, you can simply file the statement and we will, of course, read it carefully when we take up the actual consideration of the bill in executive session.

Mr. McCABE. If you feel that is the better way, I can go through it and pick off certain items. But when I talk, you will not know what I am driving at unless you have read the statement.

Mr. KEATING. Do you have anything you would like to add to the statement—additional points?

Mr. McCABE. Yes, in connection with the contributory infringement, I brought here the one point in connection with an amendment which I would suggest, limiting—

Mr. WALTER. May I ask a question at this point? Would the enactment of this legislation change the rules as laid down by the courts over a period of years?

Mr. McCABE. That is what I have brought out in this.

Mr. WALTER. The answer is "yes"?

Mr. McCABE. Yes, I believe it would. Maybe you can amend it so it would not, but I brought out the question. I might state that our business consists of manufacturing Mercoid Control. We make about 7,000 assemblies.

Mr. KEATING. Were you in this Mercoid case we have heard so much about?

Mr. McCABE. Yes; that has been, as I understand it, the basis of this bill, and created the necessity, and—

Mr. KEATING. Was it your patent which was in dispute in that case?

Mr. McCABE. No, but the instruments were my patents; they were instruments patented per se and this was a case of where the instruments were used in another system.

Now, the reason I raised objection to this—and after you have read this section 2 of this matter I prepared, you will find that there was more to it than the Supreme Court decision—that is, these are taken from the evidence itself and in this case we have been manufacturing these controls for several years before the patent was issued and when we got into court and we brought out the prior uses, we had to go back from 1940, 14 years and many of those installations that had been made had worn out and they replaced the devices with others, and the result was, when we went in to show the office, our record showed that we had told the customer what to do with the device and had sold them to him. But we did not make the installations and we had no control over them at all. We do not know what their man does with our device after we sell it to him. That is in his hands, but we told him to do the things that were brought out in the Freeman patent, but the court was not satisfied that those instances or installations had been in operation and had been connected that way.

Inidentally, the court held that there was no other use for the instrument, which was odd because if the instruments had been used



that way, had not been used as we sold them, they must have been used some other way; so this point that I make is that, "if especially made," as you have in the bill, "or adapted for use in infringement of such patent" can be construed by an attorney to reach out, as they have done in this case, and in addition, the one instrument or two instruments had been combined in one and they offered a license in the preliminary stages before we got into litigation. Then they wrote a letter including that instrument. Those other two instruments—that is the letter stated they would not do us if we charged 25 percent more for those instruments than the combination instrument. So that you had in effect a reaching back and controlling prices of instruments which I was the inventor of through a combination of patents. This followed, and that is why I say this expression, "if especially made or adapted for use," is a rather dangerous thing to put in because you will also find that. Now, we have customers that write in for temperature controls and it has a bulb on it, a remote bulb which they will order and it has a different length or a different thread on the bulb where the instrument is put into the tank. Any of those under this rule would constitute "specially made," yet in our business we do not know what the man is going to do with it. And we feel that is an error and I think if you will study this that my intentions are sound. And understand this, I own patents that have the same condition to contend with. I may have a patent on a control system in which the instrument could be specially made for it. If we wanted to do it that way. But I don't think that in itself should constitute an infringing instrument which is an ordinary item of commerce. I think you intended that, but "not suitable for actual commercial noninfringing use." But the instrument has had nothing added to it.

Now in the Supreme Court, in the Leeds and Catlin case, had said that the photograph record was used there as an infringing device, that it was an infringing device, and that may be the base for all contributory infringement suits.

Mr. KEATING. They expressly overruled the Mercoid case in the Leeds and Catlin case?

Mr. McCABE. I do not think they overruled it; I think they said it this way: That where there is a collision between the principle of the Carbice case, which was the controlling of unpatented items by patent, that is they were trying to control the sale of dry ice and the conventional rules governing, and they said that the conventional rules governing either direct or contributory infringement that formerly prevailed, that is, if you apply your patents to that thing, they ruled the Carbice case where you are trying to control some unpatented—unpatented as regards that case—the device might be patented otherwise but with regard to the suit question, there also they said, with reference to the Leeds and Catlin as the basis for that which constitutes contributory infringement it is interesting to note that the United States Supreme Court in later reference to it attributed certain specific characteristics to the element comprising that which one made and sold to become a contributory infringer of another's patent.

Now, in the first case they said it does not matter whether it is direct or contributory and in the second they said, therefore the Leeds and Catlin case cannot prevail against that and I think they were right in that case. I do not want to retry that case before you because

that has been tried, but in later cases the elements which were now—they spoke of it now——

Mr. KEATING. They did expressly overrule the Leeds & Catlin case in the Mercoide case?

Mr. McCABE. Only with reference to where you were utilizing the patent to control unpatented articles and so on.

Mr. KEATING. Exactly, but you rarely find stronger language in the Supreme Court dealing with previous decisions than when they say:

The rule of the Leeds & Catlin case must no longer prevail against the defense that a combination patent is being used to protect unpatented parts from competition.

Mr. McCABE. That is where I prepared this in item 2 and after you have acquainted yourselves, with this you will see an element of a patent which we have been manufacturing for many years was reconstructed to be unsalable. That is why I have asked that you limit, in the event of your defining contributory infringement—I ask that you define invalidation of a contributory-infringement case. By that I mean, if you say this beginning of the rule is not feasible to sue, that it has been brought out that it is not always feasible to sue the direct infringer, and you want to sue the contributory infringer, he does not always have evidence. He may only make a part and he may sell it even for that purpose and it may have been done for years, but he may not be able to reach out and get that evidence because it is not in his control. For that reason I say you are going to define contributory infringement, and I say if you are, you should constitute, or define what constitutes invalidation in cases of contributory infringement.

Let us say you are accused of selling and telling. That is what we were accused of in this case. We had been doing that for 70 or 80 years prior to the issuance of that patent. That was not passed on by the Supreme Court. That was held in the lower court and they took the case on the basis of the violation of the antitrust law. But the thing that we have been doing, we had been doing for 7 years before patent issued and we had been telling the customer that he could connect it to a fan or a blower and he could connect another instrument to the limiting device for a furnace to prevent overheating and the fan would utilize the heat in the furnace to turn it off. That is, it would run until it did; and that is essentially what the Freeman patent was. Yet we were held to be contributory infringers although we had been doing that for many years before and it seems to me from my experience, and that is shown if you will analyze this carefully, that we were to be estopped. We were to be estopped from a practice which we were engaging in for many years. Bear in mind the Court said the device has no other use.

That is what you are providing here when you say, "specially made or adapted for use," and it is a question what will constitute that.

Now, the Supreme Court has said here that elements which were novel, neither of which possessed utility without the other, each element was necessary to the operation of the other, and novel and entirely new principle was disclosed, that they not only performed new function but performed it in combination with another new element.

Now, in these devices we had, the device that we sold did nothing but turn off and on a circuit. It did not do anything new.

If we discuss what was involved in the Leeds & Catlin case I would say that the disk was very sound, the one Berliner had invented, which was a phonograph in which the groove guided the needle and the vibration producing the sound was lateral and all previous records, if you will remember the old Edison records, the old Edison record had a screw that fed the reproducer across the record and the diaphragm, the needle, vibrated up and down to produce the sound and this new record was a part of the invention, and the Court in holding that when they made that they were practicing invention, I think that was absolutely right.

But when you take the Mereoid case in which a controlled device which we made and sold by the thousands performed no new function other than to turn on and off the circuit when the temperature rose and fell, to put that on as the grounds, on the same ground as the record in the Leeds & Catlin case was ridiculous. Yet, this "especially made and adapted," can be made in just hundreds of cases where we manufacture instruments and that would have us in hot water all the time and it will have many other people in hot water and I do not believe you intend to obstruct the sale of devices which are already in the market simply by allowing a rearrangement of a thread or a connection of the instrument as was claimed in this case to produce the infringement.

Have I made my point clear? Do you understand the thing I am trying to get at?

Mr. KEATING. Do you have any questions, Mr. Walter, Mr. Bryson?

(No response.)

Mr. KEATING. Thank you very much Mr. McCabe.

Mr. McCABE. I hope you will read these and if you have any questions I will be glad to explain them.

Mr. KEATING. We will hear from Mr. Swingle, of Pittsburgh, now.

#### STATEMENT OF RALPH H. SWINGLE, PATENT ATTORNEY, PITTSBURGH, PA.

Mr. SWINGLE. My name is Ralph H. Swingle, patent attorney, of Pittsburgh, Pa.

I have become interested in the passage of H. R. 5988 as the member of the laws and rules committee of the Pittsburgh Patent Law Association.

However, that association has not yet acted on this bill so I am not speaking on behalf of the association but merely as an individual.

Mr. WALTER. Do you know William Jaspard?

Mr. SWINGLE. Yes, I do; he is a member of the association.

Mr. KEATING. He is the one I had the letter from given to me by Congressman Eberharter, of Pennsylvania.

Mr. WALTER. According to his letter, he is unalterably opposed to the passage of this bill.

Mr. SWINGLE. I do not want to get into personalities here, so I will not say anything about Mr. Jaspard.

Mr. KEATING. Your association has not taken formal action?

Mr. SWINGLE. That's right, so I am merely here as an individual.

I am in favor of the bill because it will clear up the existing uncertainty as to whether or not there is contributory infringement and as to what is misuse of a patent.

I have heard the witnesses who testified on Wednesday and I would like to make a comment or two about some of their suggestions for wording. I think sections 1 and 2 as presently worded are satisfactory. One of the witnesses suggested that in line 3 of section 1, the words "actively induced infringement" could better be changed to "acts to aid infringement" or some such language, but to my mind that does not clarify it at all. It seems to me that we have a good statement there; that any person who shall actively induce infringement of a patent shall be liable as an infringer.

Mr. KEATING. The suggestion was also made that because it simply stated existing law that it be eliminated entirely. What would you think of that?

Mr. SWINGLE. I think it is better to have it definitely in the statute. It removes any uncertainty at least.

As to sections 3 and 4, a suggestion was made that line 2 on page 2 be stricken and I believe that that would help considerably in clarifying the law. At the same time, that same expression, "and not suitable for actual commercial noninfringing use" should be stricken from lines 6 and 7 in section 3 to be consistent. If it comes out in section 3, it should come out in section 4 also.

I think there are three reasons why that statement "and not suitable for actual commercial noninfringing use" should be stricken. The first is, it provides a loophole by which a contributory infringer can avoid liability. All that he has to do is to set up one actual commercial noninfringing use somewhere. It may be an uneconomical one that nobody normally would do, but the one that proposes to infringe could set it up in actual use and that would give him a loophole to avoid liability.

Secondly, this clause in the act gives a shifting standard of what is contributory infringement. That is, I presume that when you come to try a case the question is at the time of the trial, Has there been an actual commercial noninfringing use? You may sue individual A and at the time you sue him he is unable to show—in fact, there is no actual commercial noninfringing use, so the court would give an injunction against him. Two years later he sues individual B and in the meantime there may have developed an actual commercial noninfringing use. So you could not recover against individual B. You could see that that creates quite an uncertainty and creates inequity between different individuals, depending upon what has happened between the two trials. Actually, I think the statement is simply that if, "especially made or adapted for use in infringement" is a sufficient test and much clearer than the added statement which does create uncertainties.

One of my associates raised the question whether the word "especially" modified both "made" and "adapted." I think it does—especially made and especially adapted; but if there is any doubt, you can put the word in again to read, "especially made and especially adapted."

I heard Mr. McCabe this morning and one other thing occurred to me that is not in my statement. He seemed to think there was difficulty in manufacturing or selling a part in that he would not know

when he adapted the device that it was going into an infringing combination. I think that doubt could be cleared away by inserting after "adapted for" the phrase, "and knowingly sold for." That is, the whole clause would be, "if especially made or especially adapted for, and knowingly sold for use in infringement of such patent." That may be clarified and may avoid some of the difficulties that Mr. McCabe was worrying about.

A third reason why I think this expression "not suitable for actual commercial noninfringing use" should be stricken from sections 3 and 4 is that it creates grave difficulty in connection with section 5. In section 5 the three acts specified as not being misused A, B, and C, each refer to contributory infringement as defined in sections 3 and 4 so we would have again this shifting standard as to what is misuse of a patent. That is, you might grant a license to someone to make a component of a patented device and at the time the license is granted and over the first years of operations under the license there may be no actual commercial noninfringing use. So that license is legal. But 10 years later if someone does find an actual commercial noninfringing use, then the license becomes illegal just because of that change.

So in order to give real validity and consistency to section 5, you need to make this section consistent with sections 3 and 4.

Now, as to section 5 itself, it seems to me that section 5 is too limited in that it is limited to acts which would be contributory infringements in both clauses A, B, and C.

Mr. KEATING. If they were not expressly accepted.

Mr. SWINGLE. Clauses A, B, and C each refers to something which if performed by another without the consent of the patent owner would constitute contributory infringement. So that you have no relief from being accused of misuse of the patent unless the part which you have sold or licensed to someone else to sell is one which would constitute contributory infringement. It seems to me that the definition of what is misuse of a patent should be bordered on the definition of what might be contributory infringement. To solve that, I would suggest adding a clause D at the end of section 5. This clause might read:

Sold or licensed or authorized others to sell a component of a patented machine, manufacture, combination or composition or a material or apparatus for use in practicing a patented process where the sale carries with it express or implied rights under the patent on the machine, manufacture, combination, composition, or process.

Now, most of that wording is the same as that wording in the first three lines of section 3 but it does not include "if" clause. That is "if especially made or adapted."

Now, my reason for suggesting the broadening of this is that one of the greatest sources of invention in this country lies in the laboratories and engineering departments of companies selling materials and parts. Such companies carry on research and development work looking toward the solving of problems of their customers.

In the recent cases on so-called misuse doctrine, they destroy the incentive for such a manufacturer to solve his customer's problems. The reason for this is that after one manufacturer solves the problem for the customer, the customer will be able to go to some other manufacturer to buy the component or the material. To make that

a bit more concrete, take the example of the manufacturer which makes aluminum foil. He desires to broaden his market for the use of aluminum foil. Therefore he carries on development to find new uses for the foil. He may invent a new form of aluminum foil for milk-bottle caps. Perhaps it is one in which it is much easier to remove the cap than the present cap. However, the dairy company may find that it is rather cumbersome and bulky to handle these foil caps in bottle capping and the foil manufacturer may desire to put forming dies right in the bottle-capping and filling machines. To do that it would require a license. However, the manufacturer which made this invention, being mainly interested in selling foil may be willing to give the dairy company a free license to do the forming provided the foil for the patented caps is bought from the manufacturer. That is, he is willing to waive part of his monopoly, the work of forming the cap; he only retains his part of the monopoly in the aluminum foil.

Now, under the *Mercoid* case it is a misuse of the patent for a manufacturer of the foil to say to a dairy company, "If you buy this foil from me for use in the patented cap, I will give you a free license." To me it is perfectly preposterous that you cannot give away a license under a patent provided a component of the patent is bought from the owner of the patent.

Mr. KEATING. In other words, the consideration which the owner gets rather than being a licensee is the profit which he makes out of selling his merchandise to go into the article.

Mr. SWINGLE. That's right.

Mr. KEATING. And you think there is nothing improper about that?

Mr. SWINGLE. That's right. The reason I think it is not improper is that he is retaining a lesser monopoly than the patent gave him. Now, I would not make this so broad as to permit what has been called tie-in clauses. Back years ago some of the companies, I think the Mimeograph Co., for one, leased mimeograph machines which were patented machines on condition that the user would buy all of the paper from the Mimeograph Co. That was held illegal and I would not change that because the paper is not part of the patent monopoly but I would change it only to the extent where the article sold with the free license is a component of the patented thing. That is, I would limit it to the patentee waiving a part of his monopoly and not extending monopoly by dragging in something not covered by the patent. I think the language as written with the addition I proposed, clause D, being limited to components of the patented device, would limit that right to cases where the unpatented part is within the patented monopoly because it is part of the patented device.

I could give a number of other illustrations of this, manufacturers, people who make electric motors and controls, do work on steel mills. You have a complicated problem there of getting the different rolls to run at the right speed as the steel is stretched out. The rolls on the end have to move faster than the initial rolls because the steel has been stretched in the meantime, so it requires complicated speed control.

Now, often the electric manufacturer which developed the speed control is willing to make a free license to the steel-mill manufacturer provided the control is bought from the one who did the development work and there again the control being a part of the patented steel

mill gives the one who developed it a lesser monopoly than the patent gives him which includes the rolls, the motors, and the control. That is not extension of monopoly but a narrowing of monopoly and that is in the public favor. If the owner of a patent having monopoly elements A, B, and C in combination says, if you buy element C from me I do not care where you buy elements A and B. That is doing the public a favor, giving the public a greater favor than the public has where the owner of a patent has a patent on all three elements, A, B, and C.

Mr. KEATING. Do you have any questions?

Mr. WALTER. No questions.

Mr. BRYSON. No questions.

Mr. KEATING. Thank you, Mr. Swingle.

Mr. McCABE. Will you bear with me a little bit?

He brought up the subject of the owner of these devices. I am talking now as an inventor. I have, for instance, a patent on a light-sensitive bulb which operates from an oil-burner flame to shut off the oil burner. Now, before I took out that patent, say 17 years ago as an example, then today I find another use of it in some other field, I invent another use—I will put that on this burner as a safety device and that is in there for that purpose.

Now, after having had the patent 15 years I get a new lease on that patent for 17 years because that is all I make, for instance. I would not be making them but this oil burner wanted to use such a device and they would have to come and buy that from me.

Now, my monopoly for 15 years is extended another 17 and it seems to me that is what will happen. I know what will happen is that I will have to take these and string along with improvements to tie up the use and on thermostats, for instance, and heating-control inventions, it would practically tie up the sale of thermostats. That is the business we are in. We see that system patents are applied and you allowed the thing that was done in the Minneapolis Honeywell case of proposed items. As long as, for instance, you sell these two switches priced 25 percent higher, we will not bother you. I could do that and only might have three or four patents that used this thermostat and license everybody to use it but they would hold the prices up and I think the public can be held up considerably. I do not believe you realize this until you study this, what can happen in a large number of unpatented items.

On the other hand, suppose I invent this same light bulb, light switch, which shuts off a device and another man ties in this system patent and we find there is no other use for it. I may operate commercially if I find other uses than this oil burner and while my patents exist he cannot use them. He would have to buy it from me. But on the day it becomes public property I could not sell my light device for that any more because this use is the only use that has been developed for it and it has shut me off and the day before I am the only one that could supply it. Now, it seems to me in a lot of these inventions that are placed especially in systems, like radio sets and washing machines—I can name pretty near anything—where we are in a part-supplying business, nearly all of those are predicated on previous inventions of a lot of people and if you allow these later patents or system patents to tie up those devices, there is another law I would bring your attention to, and you will have sell controls and treat everybody alike on prices.

Now, suppose a man has a patent on this oil-burner system and he licenses me to sell them thermostats provided I sell it at a certain price. Now, would that not lead, if you could get all the thermostat makers to agree to sell them thermostats for a certain price for that purpose—are you sure that they won't sell them for all purposes at that same price?

If I may get that across. What will happen when you will apply this to general practice, and I think you find people go a lot further than you expect them to. We would have to protect our other business. I would immediately start finding all these devices are patented over 20 years and find new uses so I could set prices.

Mr. KEATING. Thank you, Mr. McCabe. Is there anyone else who wishes to be heard on this bill?

(No response.)

(Whereupon, at 11:05 a. m., the committee adjourned.)



## CONTRIBUTORY INFRINGEMENT IN PATENTS AND DEFINITION OF INVENTION

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WEDNESDAY, MAY 12, 1948

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON PATENTS OF THE  
COMMITTEE ON THE JUDICIARY  
*Washington, D. C.*

### STATEMENT OF ROY C. HACKLEY, JR., SPECIAL ASSISTANT TO THE ATTORNEY GENERAL; CHIEF, PATENT SECTION, DEPART- MENT OF JUSTICE

MR. HACKLEY. Mr. Chairman and members of the committee, I am appearing as Chief of the Patent Section of the Claims Division of the Department of Justice and speaking for the Department with regard to the three bills which were considered by the committee at hearings last week: that is, H. R. 4061 and H. R. 5248, dealing with proposed statutory test of invention, and H. R. 5988 proposing statutory definition of contributory infringement.

I regret that we are not able to comply with the committee's request and present our report earlier, but I trust that it will be received at this time and be made a part of the hearings which were directed on these bills.

In dealing with these measures, I will first comment on H. R. 4061 and H. R. 5248, which have in common a proposal to amend section 4886 of the Revised Statutes to establish affirmative standards or criteria for testing or determining invention and after completing comment on these bills I will turn to H. R. 5988 which is directed to defining by statute the doctrine of contributory infringement of letters patent.

H. R. 4061, entitled "A Bill to establish a criterion of invention with respect to patent applications and issued patents, and to amend section 4886 of the Revised Statutes and for other purposes," was introduced July 1, 1947, by Representative Gamble of New York.

This bill proposes to amend the stated section by adding thereto a provision prescribing a series of standards to be applied, (a) by the courts in determining validity of patents in infringement litigation and the like, and (b) by the Patent Office, and the courts in line of appeal therefrom, in determining patentability in the first instance. Initially, the amendatory language provides that the determination of such questions shall be matters of fact as to which all evidence relevant, competent, and material, shall be admissible and goes on to provide that if a preponderance of such evidence shows that the improvement of the claimant or patentee, otherwise complying with

the existing provisions of section 4886, "fills a long-felt want," such evidence shall be deemed "sufficient proof" of invention provided such evidence further shows by a preponderance that the skill of the art was insufficient prior to the work of the patentee or claimant to accomplish the result achieved.

It would appear that this bill is aimed at creating a more liberal test for determining invention, both on the part of the Patent Office in the original instance in granting letters patent, and the courts in construing patents, than is often argued to be embraced in the so-called flash-of-genius doctrine announced by the Supreme Court in *Cuno Engineering Corporation v. Automatic Devices Corporation* (314 U. S. 84, 91), decided in 1941. A somewhat similar reference to a "flash of thought" is found in *Densmore v. Scofield* (102 U. S. 375), decided in 1880. This bill is perhaps aimed as well at the doctrine as to patentability of "discoveries" as announced by the Supreme Court in *Funk Brothers Seed Company v. Kalo Inoculant Company*, No. 280, October term, 1947, decided by the Supreme Court on February 16, 1948.

H. R. 5248 entitled "A bill to declare the national policy regarding the test for determining invention," was introduced February 2, 1948, by Representative Hartley of New Jersey.

This bill, while proposing minor modifications of the present language of section 4886, in substantial respect proposes to amend that statute by the addition thereto of the following:

Patentability of inventions and discoveries, including discoveries due to research, and improvements thereof, shall be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the mental process by which the invention or discovery, or the improvement thereof, may have accomplished.

The fore part of the bill corresponds to the statute presently existing save that reference to the inventor throughout the bill has been pluralized in the alternative.

The amendatory sentence provides for the so-called objective test of invention and discovery, and corresponds in purpose and principle to the recommendation of the National Patent Planning Commission appointed by the late President Franklin D. Roosevelt, as set forth in the first of three reports of that Commission filed with the President in June 1943. That Commission was under the chairmanship of Dr. Charles F. Kettering, and was composed, in addition, of Chester C. Davis, Francis P. Gaines, Edward F. McGrady, and Owen D. Young. The Commission made a study of the American patent system and its operation, particularly from the standpoint of encouragement of invention, and concluded as follows:

The most serious weakness in the present patent system is the lack of a uniform test or standard for determining whether the particular contribution of an inventor merits the award of the patent grant. The patent statute itself is quite specific. Revised Statutes 4886 provides that a patent may be obtained by "any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvements thereof, upon payment of fees required by law and other due proceedings had." The difficulty in applying this statute arises out of the presence of the words "invented" and "discovered." Novelty alone is not sufficient, nor is utility, nor is the final accomplishment. There must also be present some mysterious ingredient connoted in the term "invented."

Many different and unrelated tribunals now are forced to make their individual decisions, among them being the Patent Office, the several district courts, the various courts of appeals and the Supreme Court. The difficulty is that there is no accepted uniform standard among these several tribunals which can be applied

in the same or similar cases. There is an ever-widening gulf between the decisions of the Patent Office in granting patents and decisions of the courts who pass upon their validity. It would be highly desirable and a great step forward if patents could be issued with a greater assurance that their validity would be upheld by the courts. No other feature of our law is more destructive to the purpose of the patent system than this existing uncertainty as to the validity of a patent.

It is inconsistent with sound national policy to continue to grant patents with existing uncertainty as to their validity, and unfair to the inventors of this country and to manufacturers and investors who have proceeded on the basis of a protective security in the form of a patent issued to them by the Federal Government. A promising improvement would be for Congress, by legislative enactment, to lay down a reasonable, understandable test by which inventions shall be judged both from the standpoint of the grant of the patent and the validity of the patent thereafter.

The Commission therefore recommends the enactment of a declaration of policy that patentability shall be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the process by which the invention may have been accomplished.

In 1945, after the above report of the National Patent Planning Commission was submitted, another committee was appointed at President Truman's request to give the subject further study and to present "specific proposals for such legislation as may seem to be appropriate." This committee, consisting of William H. Davis, chairman, Dr. Charles F. Kettering, Dr. Vannevar Bush, and Morris Llewellyn Cooke, has not yet submitted its report.

Recommendation: The basic question which is posed by the introduction of H. R. 4061 and H. R. 5248, is whether the national interest would be better served by the creation of a statutory definition of the word "invention," or by leaving its definition to the courts, as is now the situation. At present, the question of whether a given development constitutes "invention" in the patentable sense is a difficult one and it may well be desirable for Congress to formulate objective and administrable standards of invention. That those standards should be and whether they should be higher or lower than the standards presently applied depends, however, upon a consideration of many factors. These include a determination of whether standards are more liberal to the patentee spur inventive activity or high standards discourage scientific progress, or vice versa. They also include a careful balancing of the public interest in the maintenance of our traditional freely competitive economy as against the creation of individual monopolies, albeit limited in scope and time, represented by patents.

These bills appear to be aimed at creating more liberal standards than presently exist in the case law for determining patentability of invention and validity of patents. Whether the principle back of these bills should be supported or opposed seems to turn on whether the best interests of the Nation would be served by a strengthening of the patent system through rendering a higher percentage of inventions patentable and patent grants more likely of enforcement or by containing it and thus restricting correspondingly the area in which monopoly grants will be meted out.

The Department of Justice is of the view that a study along these lines of the subject of establishing by statute criteria of invention and standards for testing validity of letters patent is a desirable one to be undertaken by the Congress and is of the further view that if appropriate language can be drawn, it may well be desirable to amend section 4886 of the Revised Statutes to that end. What form such

statutes should take can be determined after these studies and investigations have been made and the conclusions to be drawn from them become clear. The end to which these bills are drawn is approved by the Department of Justice but what form such a statute should take can be determined only after the basic question is determined.

H. R. 5988: Comment has been requested with reference to H. R. 5988, Eightieth Congress, second session, entitled "A bill to provide for the protection of patent rights where enforcement against direct infringers is impracticable, to define 'contributory infringement' and for other purposes" introduced March 24, 1948, by Representative Case, of New Jersey.

The subject bill proposes the addition to the organic patent law of a definition of "contributory infringement" of letters patent. In this measure, contributory infringement is defined both in the affirmative, as to what act or acts shall be deemed to constitute such trespass, and in the negative, as to acts which would not be susceptible of such interpretation. In addition, an effort is made in the language of the bill to obviate particular acts, asserted to be contributory infringement, as being construed as violative of the antitrust laws.

The doctrine of contributory infringement originally arose as a case-law additive to the general law relating to infringement of letters patent as defined in section 4919 of the Revised Statutes (35 U. S. C. 67), and has never, as such, been the subject of statutory definition. Contributory infringement, as developed by the case-law, comprises the intentional aid or cooperation in transactions which collectively constitute complete infringement as, for example, where a person furnishes one part of a patented combination, intending that it shall be assembled with the other parts thereof, and that the complete combination shall be used or sold with the result of infringement of letters patent. Under such circumstances the contributor historically has been deemed liable in infringement for his acts in the same fashion as is the producer of the whole. *Leeds and Catlin Company v. Victor Talking Machine Company* (No. 2, 213, U. S. 325). Likewise the law has been settled that the mere sale of a staple article of commerce, even with the knowledge or expectation that it might be used in performing an act of patent infringement, does not constitute contributory infringement. *Charles H. Lilly v. Laucks* (56 Fed. (2d) 175, 185, certiorari denied, 293 U. S. 573).

It has been argued that the historical case-law doctrine of contributory infringement has at least been greatly narrowed and perhaps extinguished in recent decisions of the Supreme Court and particularly by the opinion of that court in *Mercoide Corporation v. Mid-Continent Investment Company* (320 U. S. 661). It is not our view that such was the intended result or is the proper construction of the *Mercoide* case but rather that the *Mercoide* case preserved the doctrine of contributory infringement as theretofore existing and merely found that on the facts of that case a patent owner was seeking to extend his lawful patent monopoly beyond proper bounds contrary to the rule of the Supreme Court prohibiting the "illegal extension of the patent monopoly." (See *Motion Picture Company v. Universal Film Company* (243 U. S. 502); *Morton Salt Company v. G. S. Suppiger Company* (314 U. S. 488) and like cases.)

It is conceded however that the *Mercoid* case at least has created some doubt as to what remains of the historic doctrine of contributory infringement. Inasmuch as such is the case it may be appropriate for the Congress to give consideration to clarifying the situation by giving to the doctrine of contributory infringement the force of statute.

It is the view of the Department of Justice that legislation corresponding in principle to sections 1 to 4, inclusive, of the present bill is desirable, although if such a measure is to be adopted the Department of Justice will have some comment to make about the precise language to be employed to insure that, insofar as a cause of action for contributory infringement lies, the same is limited to a trespass upon the patent grant and does not go beyond to permit illegal extension of the patent monopoly. In this latter connection section 5 of the bill, as it is understood, is disapproved in that, if it means anything it seems to negate much of the existing body of case law which has operated to prevent illegal extension of the patent grant without tampering with the grant itself. Section 5 is perhaps aimed at no more than insuring that reliance upon statutory contributory infringement shall not in itself constitute a violation of the antitrust laws, a proper objective, although as drawn, this section is nevertheless susceptible of construction beyond that point.

Accordingly as in the case of H. R. 4061 and H. R. 5248 it is the position of the Department of Justice that H. R. 5988 is directed at a problem sound in principle but as to which, if as a matter of legislative policy the Congress determines such legislation to be desirable, further views will be submitted as to specific language proposed to accomplish the objective of the measure.

In closing it should be pointed out however that it may well be assumed that enactment of legislation to accomplish the objectives of these measures may well increase the cost to the United States in judgments for infringement of letters patent or in settlement of infringement claims. It may well be, however, that the Congress may conclude that such cost is a reasonable price to pay if a strengthening of the patent system results in an increase in technical advances of arts and sciences.

Mr. LEWIS. Thank you very much, Mr. Hackley.

#### STATEMENT OF FRITZ LANHAM

Mr. LANHAM. Mr. Chairman, I am representing myself in this very brief statement, though I feel sure that the views I express here briefly are also the views of the National Patent Council, an organization of small manufacturers, which I have the honor to represent. It is gratifying to hear this report from the Department of Justice. Though not so definite in some respects with reference to these three measures as might be desired, it does indicate very definitely that they are for the protection of our patent system. That patent system has been the basis of our progress and the prosperity we have enjoyed.

The first two refer to the flash-of-genius decision which has met with disapproval generally from the standpoint of those interested in the preservation of that system, and may I say just this one word

with reference to genius in connection with inventions, that **Thomas Edison**, the greatest inventor of recent centuries, whose centennial anniversary we recently celebrated for a week, was once referred to by someone as a genius, and thereupon he defined genius as being "2 percent inspiration and 98 percent perspiration."

The bills that have been introduced by Representatives **Gamble** and **Hartley** certainly establish the proper principle of determining the rights of the inventor with reference to their products.

**Mr. LEWIS.** Thank you very much, **Mr. Lanham**.

Inasmuch as the House is now in session, the committee will stand adjourned.

(At 11:30 a. m., the committee adjourned.)

## APPENDIX

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DEPARTMENT OF THE ARMY,  
Washington, D. C., May 5, 1948.

Hon. EARL C. MICHENER,  
*Chairman, Committee on the Judiciary,*  
*House of Representatives.*

DEAR MR. MICHENER: By letter of April 15, 1948, you asked the Department of the Army to report on H. R. 5988, Eightieth Congress, second session, a bill to provide for the protection of patent rights where enforcement against direct infringers is impracticable, to define "contributory infringement," and for other purposes.

The subject bill would add to the organic patents law a definition of "contributory infringement" of letters patents and thereby remove doubts cast by recent Supreme Court decisions on the doctrine of "contributory infringement."

The question of whether or not the doctrine of "contributory infringement" should be reestablished, if it has in fact been extinguished by recent decisions, is essentially one of policy for the Congress to answer. If this bill should be enacted it would remove an element of uncertainty as to whether certain actions of the Government or its contractors incident to procurement involve an infringement of patent rights and to that extent would simplify the Army Department administration.

The enactment of the proposed bill would undoubtedly result in increased expense to the Government in that an additional number of patents would be held valid and infringed. As against this potential liability there are the benefits to be derived by the country as a whole because of the added incentive which will be given to the inventor to use his ingenuity. Inasmuch as this Nation has derived great benefit from the inventive advances of its people both in time of peace and in time of war it may well be that the national interest would best be served by an expression from Congress of liberal standards for determining patentability of inventions and validity of patents.

In view of the proximity of the hearings on this bill, this report is submitted without a determination by the Bureau of the Budget as to whether it conforms to the program of the President.

Sincerely yours,

KENNETH C. ROYALL,  
*Secretary of the Army.*

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### COMMENT BY THE NEW YORK PATENT LAW ASSOCIATION ON STATEMENT OF ROY C. HACKLEY, JR., OF THE DEPARTMENT OF JUSTICE ON H. R. 5988.

The statement of Mr. Hackley, on behalf of the Department of Justice, endorses sections 1 through 4 of the bill in principle. The only criticism is as to section 5 and this criticism appears to be based on a misunderstanding of that section.

In the concluding sentence as to section 5, the report says:

"Section 5 is perhaps aimed at no more than insuring that reliance upon statutory contributory infringement shall not in itself constitute a violation of the antitrust laws, a proper objective, although as drawn, this section is nevertheless susceptible of construction beyond that point."

The report does not show how section 5 is susceptible of such extended construction and this criticism is believed to be unsupportable. Construed as it must be in connection with the other sections of the bill, section 5 is limited to the "proper objective." Section 5 does no more than permit a patentee either to enforce his patent by a suit for contributory infringement or to waive his right to sue for contributory infringement for a consideration, for that is what granting a patent license amounts to. The entire section is limited by sections 3 and 4 defining contributory infringement, and, therefore, can give no immunity from the anti-

trust laws to anyone who seeks to control any staple article or commodity of commerce by suit, by license, or by other assertion of his patent right.

The report concedes that it is proper to legislate that reliance on the defined right of contributory infringement shall not, in itself, violate the antitrust laws. Success in enforcing this right by suit would give the patentee damages for past contributory infringement. Section 5 merely goes to the extent of making a suit unnecessary when the contributory infringer is willing to desist or to pay a royalty rather than to stand suit for damages. It would be an anomaly in the law and would obviously encourage unnecessary litigation to require a patentee to bring suit for compensation for contributory infringement in a case where the contributory infringer is willing to cease his infringement or to make a voluntary payment by way of a license fee.

Thus, the provisions of section 5 are necessary to achieve the "proper objective" of "insuring that reliance upon statutory contributory infringement shall not in itself constitute a violation of the antitrust laws," for such reliance may take only the specified forms of (a) utilizing the right to protection against statutory contributory infringement as a shield to protect the business in the invention, (b) obtaining royalty payments in exchange for a license, or (c) obtaining compensation for contributory infringement by bringing suit.

JUNE 8, 1948.

THE NEW YORK PATENT LAW ASSOCIATION,  
May 6, 1948.

Re H. R. 5988.

Hon. EARL R. LEWIS,

*Chairman, Subcommittee on Patents,*

*Committee on the Judiciary, House of Representatives,*

*Washington, D. C.*

DEAR MR. LEWIS: Pursuant to the permission you granted at the hearing yesterday, we are writing to transmit to the committee our comments on the suggestions made on behalf of the National Association of Manufacturers and the patent committee of the Aircraft Industries Association. The suggestions, as we understood them, include the following:

1. The elimination of the first section of the bill relating to actively inducing infringement.

2. The elimination of section 5 of the bill which permits the patentee to take the same action in regard to contributory infringement as it may take in regard to ordinary infringement without thereby being guilty of so-called misuse of his patent.

3. The broadening of section 3 of the bill by eliminating the words "and not suitable for actual commercial noninfringing use."

We believe that all these suggestions are the result of misunderstandings based on the failure to appreciate the present state of the law and the intended effect of the bill.

Counsel for Aircraft Industries Association expressed the view that the doctrine of contributory infringement and the misuse doctrine were entirely independent. While this view gained some currency immediately after the decision of the Supreme Court in the *Carbice* case, it is, we submit, untenable after the *Mercoid* decision. In referring to *Leeds & Catlin v. Victor* ([No. 2] 213 U. S. 325), the Supreme Court case which followed the rule of the *Kerosene Lamp* case (*Wallace v. Holmes*, Fed. Cas. 17,100), Mr. Justice Douglas said in the majority opinion:

"The protection which the Court in that case extended to the phonograph record, which was an unpatented part of the patented phonograph, is in substance inconsistent with the view which we have expressed in this case."

A recent lower court decision (*Stroco Products, Inc. v. Mullenbach*, 67 USPQ 168) holds that the mere filing of a suit for contributory infringement (which, like nearly all such suits, seeks to enjoin the sale of an unpatented part of the patented combination for use in the combination) is a misuse of the patent. The Sixth Circuit Court of Appeals reached substantially the same conclusion in the case quoted in the memorandum presented on behalf of the association of the bar of the city of New York.

Under this interpretation of the *Mercoid* decision it would be useless to attempt to legislate the doctrine of contributory infringement into existence without at the same time providing that normal use of the doctrine by a patentee protecting his patent rights should not be regarded as misuse of the patent.



Thus, the suggestion of counsel for Aircraft Industries Association that section 5 of H. R. 5988 be eliminated would, if adopted, make the proposed legislation as to contributory infringement ineffective. Since the courts are constrained by the *Mercoid* decision to hold that enforcement of a patent right against a contributory infringer is "misuse," preventing enforcement of the patent, there would be no point in defining by statute what constitutes contributory infringement unless misuse is taken care of. Section 5 is regarded by the proponents of the bill as vital.

The full effect of the proposal of the National Association of Manufacturers and Aircraft Industries Association as to broadening section 3 of H. R. 5988 cannot be appreciated without recognizing the relation between the patent laws and the antitrust laws. Both these associations apparently wish to place under the ban of contributory infringement the supplying of "an element of a patented combination" with the intention that it be used in the patented combination, even though the part in question is an ordinary article of commerce having other uses. The proponents of the bill have great sympathy with this suggestion and recognize that some of the lower court cases decided before the *Mercoid* decision went to this extent. It is important to notice, however, that if this view of contributory infringement be adopted and made effective, it would enable the patentee, without contracts of any sort but merely by prosecuting and winning a number of suits, to obtain what the Supreme Court calls a limited monopoly of a staple article of commerce. In other words, the patentee could obtain injunctions against all those who are supplying an ordinary article of commerce with the intention that it be used in the patented combination. This is fair enough from the point of view of the patentee but we question seriously whether Congress and the public are willing to give the patentee this right. It would, as the chairman observed during the hearing, result in reversing the result reached by the Supreme Court in the *Carbice* case. For this reason, the proponents of the bill suggest that the committee give very careful thought to the effect of the suggestion in considering whether to adopt it.

The first section of the bill was intended by the proponents to take care of hardship cases where a patentee is being wronged by actions which amount to clear instigation of an infringement, perhaps coupled with the sale of a thing, which sale in itself does not constitute contributory infringement under the definitions of sections 3 and 4 of the bill. In other words, we feel that, while the mere supplying of a staple article of commerce for use in an infringement should not in itself be actionable, it is apparent that the supplying of this part may be coupled with other acts which actively cause or induce the infringement, and in such a case the patentee should be protected.

The criticism of section 1 on the ground that the giving of legitimate legal advice or the making of a license or contract may be considered to be within the term "actively induce infringement," seems to the proponents of the bill to be based on a fear for which there is no rational basis. It is believed that it has always been the law that one who actively induces the committing of a tort is responsible. In order that the present bill may be complete and may not be thought to exclude that which it does not expressly mention, it seems desirable that this principle of the common law be retained in it. It seems to the proponents of the bill that the word "induce," or if the committee may prefer "induce and incite," is preferable and more definite than the word "aid" which was suggested by the spokesman for the American Patent Law Association, for it seems to us that the word "aid" is broader than the word "induce."

We hope that this discussion of various criticisms made of H. R. 5988 may be helpful to your committee and request that this letter be made part of our testimony.

Respectfully submitted,

ROBERT W. BYERLY.  
GILES S. RICH.

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MEMORANDUM ON H. R. 5988 (80TH CONG., 2D SESS.) SUBMITTED BY RALPH H. SWINGLE, PATENT ATTORNEY, PITTSBURGH, PA.

I am in favor of the passage of H. R. 5988 since it will clear up uncertainties in the patent law as it stands today. I heard the testimony given at the hearing on Wednesday, May 5, and would like to make the following comments with respect to the changes in wording which were suggested by the various witnesses.

## SECTIONS 1 AND 2

It is submitted that sections 1 and 2, as printed, require no change in wording. I believe that the expression "actively induce infringement" in line 3 of section 1 is clearer than the expression "acts to aid infringement" which was suggested by one of the witnesses.

## SECTIONS 3 AND 4

It would be desirable to strike out the expression "and not suitable for actual commercial noninfringing use," in section 3 at line 2, on page 2, and in section 4, at lines 6 and 7. This limitation that the component be not suitable for actual commercial noninfringing use provides a loophole by which an infringer can avoid liability for contributory infringement. If one makes a component which is "especially made or adapted for use in infringement" of a patent, he is a joint tort fea or with the actual infringer and should be held liable.

The presence of the clause "and not suitable for actual commercial noninfringing use" in sections 3 and 4 introduces a serious difficulty in connection with section 5, since section 5 as printed in the bill is limited to acts which constitute contributory infringement as defined in sections 3 and 4. A patentee may sell or license others with respect to a component of his patented device and at the time that the sale is made, or the license is granted, there may be no actual commercial noninfringing use. Thus, the sale or license would not be misuse of the patent at the time that the sale is made, or the license is granted, but 5 or 10 years later an actual commercial noninfringing use for the component might develop. This later development would make illegal, and a misuse of the patent, any further sales or operations under the license which was legal when it was granted.

This makes it impossible for anyone to rely, with any assurance, on section 5 because later events, i. e., the development of an actual commercial noninfringing use would destroy the protection of section 5. Since the clause discussed is not necessary to define contributory infringement, in sections 3 and 4, it should be stricken out and thus make section 5 effective no matter what happens later.

## SECTION 5

It is suggested there be added at the end of section 5 the following clause:  
 "(d) sold or licensed or authorized others to sell a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, where the sale carries with it expressed or implied rights under the patent on the machine, manufacture, combination, composition, or process";

Clause (d) proposed above is designed to permit a manufacturer of a material or parts which are a component of a patented device to give his customers a license under the combination patent with the sale of the material or parts. That is, while sections 1 through 4 properly limit contributory infringement actions to cases where the component is "especially made or adapted" for the infringing use, it is believed that section 5 relating to the so-called misuse doctrine should not be so limited.

One of the greatest sources of invention in this country lies in the laboratories and engineering departments of companies selling materials and parts. Such companies carry on research and development looking toward the solving of problems of their customers. The recent cases on the so-called misuse doctrine destroy the incentive for such a manufacturer to solve his customer's problems, since the customer will be able to buy the material or parts from anyone, and thus cut into the business created by the manufacturer which solved the problem and obtained a patent on the combination.

For example, a manufacturer of aluminum foil, in order to broaden his market for the foil carries on development to find new uses for the foil. He may invent a new and patentable form of aluminum milk bottle cap. The manufacturer may sell the patented milk bottle caps to be applied by the dairy companies, and the manufacturer then has a legal patent monopoly in the aluminum foil for the caps and in the forming of the patented caps. However, the dairy may find it more economical to add forming dies to its bottle filling and capping machines, and the aluminum foil manufacturer, which owns the patent on the cap, being mainly interested in the sale of aluminum foil, may be willing to permit the dairy to form its own caps free of royalty so long as the foil is purchased from the company which made the invention. In permitting this, all that the aluminum foil manufacturer is doing is to waive the part of his monopoly relating to the forming of the cap, since he is content with the profit on selling the foil alone. It is propos-

terous that the courts have held it to be a misuse of the patent, and illegal, for the aluminum foil manufacturer to permit the dairy companies to use the patent without royalty when the foil is purchased from the owner of the patent.

Similar situations occur throughout industry. Manufacturers of motors and electrical controls therefor, develop steel mill equipment and are often willing to permit a patent on the new steel mill to be used free of royalty, provided the motors and control are purchased from the patent owner. A manufacturer of electronics equipment may invent a new electronically controlled welding machine and be satisfied to merely sell the electronic control without collecting any royalty on the whole machine. Under the present state of the law, invention is being stifled in these cases which are legion, and the manufacturers of the components are discouraged from carrying on development work on the complete devices in which the manufacturers' components are used.

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COMMENTS ON H. R. 5988 (80TH CONG. 2D SESS.) DEFINING "CONTRIBUTORY INFRINGEMENT" AS PREPARED BY MR. I. E. McCABE, CHIEF ENGINEER AND CHAIRMAN OF THE BOARD OF THE MERCOID CORP., CHICAGO 41, ILL.

Being probably unknown to the committee I first advise that my name is Ira E. McCabe, chief engineer and chairman of the board of the Mercoid Corp. of Chicago, Ill., manufacturers of Mercoid automatic controls and switches. I filed my first application for patent in 1913, and since that time have had issued to me more than 100 patents, most of which are licensed to the Mercoid Corp. by virtue of agreements entered into with the Federal Gauge Co. in 1921, which company owns the common stock of the Mercoid Corp. Many of the patents which I own are of the type which H. R. 5988 is supposed to benefit, and many are of the type in which the infringer can be reached directly but also the same devices so patented might in themselves become contributory infringing parts as specified in H. R. 5988.

The products of the Mercoid Corp. have been involved in suits against their customers as early as 1932, finally terminating early in 1940 by a finding of non-infringement and invalidity. In 1940 further suits against the corporation for contributory infringement were instituted which resulted in decisions upon which the present H. R. 5988 is held to be needed because it is claimed contributory infringement has been wiped out (*Mercoid Corp. v. Mid-Continent Inv. Co.*; *Mercoid Corp. v. Minneapolis-Honeywell Regulator Co.*, 320 U. S. 661, 680 Jan. 3, 1944). There the Court said: "Where there is a collision between the principles of the Carbine case and the conventional rules governing either *direct* or *contributory* infringement the former prevails. There, also, the Court said with reference to *Leeds & Catlin*, 'The rule of the *Leeds & Catlin* case (No. 2)' (213 U. S. 325) 'no longer prevails against the defense that a combination patent is being used to protect an unpatented part from competition.'" [Italics mine.]

I do not find that this wipes out contributory infringement but only bars it where the holder of the patent tries to use it to control unpatented parts or to condition the use of his device on the control or sale of unpatented parts, thereby bringing them as effectively under his control as though he had a patent upon them.

I oppose this bill for the following reasons:

First. The effect upon misuse of a patent: I believe that contributory infringement still exists unless misuse of the patent occurs (exhibit A).

The early cases defining this misuse and forming the doctrine followed in later cases through the Mercoid cases are, *Carbine Corp. v. American Patents Development Corp.* (283 U. S. 27, May 18, 1931); *Leitch Mfg. Co. v. Barber Co.* (302 U. S. 458, Jan. 3, 1938).

I believe that the Mercoid cases are being now used as the cause for creating a statutory definition which has as its purpose in its present form, if not as its intent, to wipe out the misuse doctrine established long prior to the Mercoid cases. To this I am opposed.

Second. Confusion: I believe that a statutory definition will lead to conflicts between established and recognized doctrines of patent law and create more confusion than ever.

As in the *Landis Machine Co. v. Chase Tool Co., Inc.*, where the doctrine of the Mercoid case was discussed and wherein an element especially made and adapted for use in the patented invention was charged as contributing to the infringe-

ment when sold, the Circuit Court of Appeals, Sixth Circuit (certiorari denied) held:

"We, therefore, find no error in a decree which dismissed the bill because the plaintiff had attempted to expand its monopoly \* \* \* and this result conforms to the conclusion in the *Mereoid* case quite apart from the limitations there announced upon the doctrine of contributory infringement" (61 U. S. P. Q. at 168).

If a statutory definition of contributory infringement is made to clarify the doctrine now said to be in a state of confusion, may we not well scrutinize the effect and the confusion it may bring upon patent law where now decision can be made "quite apart from the limitations there announced upon the doctrine of contributory infringement" (*Mereoid* case).

Third. Appropriate limits for contributory infringement: I believe that if there is a need for a definition of "contributory infringement" that there is a need for defining its appropriate limits, and I do not believe the present bill adequately does that.

In the *Mereoid* case, Mr. Justice Frankfurter had this to say:

"It will be time enough to define the appropriate limits of the doctrine of contributory infringement when we are required to deal with the problem."

By that statement I gather he would reserve judgment until the particular facts and circumstances relating to, and their aspect and import upon, contributory infringement were of a kind that proper and just judicial determination of the problem could be made as to permit the setting of limits marking contributory infringement.

When we rely upon the *Leeds & Catlin* case as the basis for that which constitutes contributory infringement it is interesting to note that the United States Supreme Court, in later reference to it, attributed certain specific characteristics to the element comprising that which one made and sold to become a contributory infringer of another's patent (*Bossick Mfg. Co. v. Hollingshead Co.* and *Rogers et al. v. Alemite Corp.*, 298 U. S. 415, 425 and *Lincoln Engineering Co. v. Stewart-Warner Corp.*, 303 U. S. 542, 552).

There the Court spoke of "elements which were novel" and "neither of which possessed utility without the other," "each element was necessary to the operation of the other," "an entirely novel principle" was disclosed, "the disc not only performed a new function but performed it in combination with another new element."

I find no such limitations in the proposed definition. Perhaps the sponsors of the bill would want no limits defined, and who knows but that time, since *Leeds & Catlin*, has established the need for such other doctrines as we now have which place contributory infringement within its limits and proper sphere?

Would the proposed definition or one so made have the effect of wiping out the rule that an expendable element in a patented combination may be replaced without infringement? This rule was clearly developed in the patent law, *Wilson v. Simpson* (9 How. 109), and has been applied in numerous cases. An example is that of the safety-razor cases.

Would size, shape, or form render even an expendable item such as a razor blade "especially made, etc." as now, or to be, defined in the bill? What, again, would determine "especially made, etc."? Would the courts possess any better rule or gage than now possessed to determine whether the practices served as a means to expand the patent monopoly; whether "the especially made, etc." became so made as an expediency of convenience or necessity in creating an embodiment of the invention, whereby they could identify the thing charged as contributing to infringement as coming properly within the meaning of the statutory definition?

#### REPAIR AND RECONSTRUCTION

And may I ask if without some boundaries to set the limits of contributory infringement what may become of the rule with regard to the replacement of parts? Would it make any difference whether the replacement occurred as a rebuilding or reconstruction of a device such as would constitute infringement, or, that only repair took place and as such did not comprise infringement as presently recognized? True this has previously been associated with direct infringement, but if the repair involved the "especially made or adapted" would it then constitute contributory infringement?

Fourth. The effect upon providing exemption from the antitrust laws: Is the intent of the bill in providing this statutory definition to also provide exemption from the antitrust laws? Is the patentee or patent owner to be privileged?

That which the patent law does not authorize, the Clayton Act specifically forbids. It applies to goods, wares, machinery, etc., whether patented or un-

patented, and the provision was inserted in the Clayton Act for the express purpose of preventing rights granted by letters patent from securing immunity from the inhibitions of the act (*U. S. Shoe Mach. v. United States*, 258 U. S. 451-460).

Is the patent law now to authorize this immunity? Is the patent owner to be an especially treated citizen by reason of "especially made and adapted," etc.? I can think of no better way to add to confusion with resulting harm to the patent system arising from new demands for its abolition than to set the stage by improperly defining the doctrine as to afford immunity from the antitrust laws for patent owners.

#### PATENT CASES CITING AND RELATING TO MERCOID DECISIONS (McCABE EXHIBIT A)

District Court, district of Delaware; Leahy, district judge; *Girdler Corp. v. E. I. du Pont de Nemours & Co.* (62 U. S. P. Q. 450, Sept. 5, 1944 (56 F. Supp. 871), at 452): "But, I am not convinced that the Mercoide decision abolishes all contributory infringement."

District court, northwest Virginia; Baker, district judge; *Hall v. Mtg. Ward & Co.*, and *Hall v. Sears, Roebuck & Co.* (63 U. S. P. Q. 114, Sept. 29, 1944 (57 F. Supp. 430), at 122): "These cases do not refuse to protect an individual inventor \* \* \* unless there has been misuse of the patent. Here the defendants sell a heater. If their instructions are followed, method claim 21 will be infringed. \* \* \* Hence, defendants are contributory infringers."

District court, northern district of Illinois; La Buy, district judge; *Detroit Lubricator Co. v. Toussaint* (63 U. S. P. Q. 139, Oct. 24, 1944 (57 F. Supp. 837), at 140): The doctrine of contributory infringement is still an important element of patent law. It has been subjected to considerable interpretation and its field has been somewhat limited by the most recent decisions which defendant cites. \* \* \* However, such residuum as may be left in the doctrine is to be determined by the facts before the court considering the question."

District court, Massachusetts; Sweeney, district judge; *American Optical Co. v. New Jersey Optical Co.* (65 U. S. P. Q. 114, Dec. 15, 1944 (58 F. Supp. 601), at 117): "In all of the above-cited cases the licensor granted licenses under its patent only on condition that the licensee purchase from the licensor or its sub-licensee, some unpatented device. \* \* \* Licensors were deriving their profits substantially from the sale of the unpatented device, rather than from the sale or licensing of the patented article itself. In the licensing agreements now under consideration there is no requirement that New Jersey Optical purchase anything from American Optical. \* \* \* no evidence \* \* \* provision \* \* \* inserted to promote sales by the plaintiff of unpatented parts."

District court, southern district of New York; Bright, district judge; *Metallizing Engineering Co., Inc. v. Metallizing Co. of America* (66 U. S. P. Q. 286, Aug. 3, 1945, at 289): "I cannot see that that decision limits the right of this court to enjoin a barefaced infringement \* \* \*. In view of what has been written, defendant's motion to dismiss or to strike paragraphs 13 and 14 of the complaint is denied. The issues of contributory infringement raised thereby should not be determined in such a summary manner, but after a full hearing of the evidence."

District court, district of Delaware; Leahy, district judge; *Chicago Pneumatic Tool Co. et al. v. Hughes Tool Company* (66 U. S. P. Q. 425, Aug. 7, 1945 (61 F. Supp. 767); (C. C. A. 3) 71 U. S. P. Q. 22 (152 F. (2d) 981, affirmed; at 428): "In the interim, as to the case at bar, the conclusion is the Supreme Court has not, so far, rejected the doctrine as applying to a 'straight' contributory-infringement suit where there are no licenses or other tie-ins and no evidence of intention to extend the grant in violation of the antitrust laws."

District court, southern district of New York; Leibell, district judge; *General Electric Co. v. Higrade Sylvania Corp.* (67 U. S. P. Q. 65, July 7, 1944 (61 F. Supp. 531), at 67): "Plaintiff's electrical device is patented. That clearly distinguishes this case from the Mercoide case where the Court said 'that the competition \* \* \* sought to be controlled is not competition in the sale of the patented assembly but \* \* \* in the sale of unpatented thermostatic controls.' No such situation is here presented."

District court, southern district of New York; Bright, district judge; *Libbey-Owens Ford Glass Co. v. Sylvania Industrial Corp. et al.* (67 U. S. P. Q. 84, Aug. 17, 1945; 69 U. S. P. Q. 29, Mar. 20, 1946, appeal dismissed; at 86): "Here, however, the product sold and used under the method claims of the patent is patented under the product claims of the same patent, and there is thus presented a question different from that decided in any of the cases cited where the product used was unpatented."

District court, district of Delaware; Leahy, district judge; *United States v. Vehicular Parking Ltd. et al.* (67 U. S. P. Q. 115, Aug. 8, 1945, at 116): "When the patent owner uses his patent in violation of the antitrust laws, he cannot restrain infringement of it by others. \* \* \* the case at bar manifestly support the charges of misuse of the patent."

District court, southern district of New York; Rifkind, district judge; *United States v. International Salt Co., Inc. et al.* (71 U. S. P. Q. 262, Nov. 20, 1946, at 265): "In *Mercoid* \* \* \* the Court extended doctrine of the *Morton* case to a contributory infringer. It is violation of antitrust laws for salt manufacturers to lease patented machines in which salt is to be used under leases requiring lessee to use only manufacturer's salt in leased machines."

United States Supreme Court; *Transparent-Wrap Machine Corp. v. Stokes & Smith Co.* (72 U. S. P. Q. 148, Feb. 3, 1947, at 154): "We only hold that the inclusion in the license of the condition requiring the licensee to assign improvement patents is not per se illegal and unenforceable."

District court, eastern district of Wisconsin; Duffy, district judge; *Sunlite Manufacturing Company v. Clarvan Corporation* (75 U. S. P. Q. 269, Oct. 14, 1947, at 270): "It may well be doubted whether the doctrine of contributory infringement longer exists as an element in the patent law of this country. I am, of course, aware that some courts have attempted to limit the application of the decision in the *Mercoid* case to situations where patentees have extended their monopolies beyond the scope of their patents" (62 U. S. P. Q. 450; 63 U. S. P. Q. 114; 63 U. S. P. Q. 139; 66 U. S. P. Q. 425, supra).

H. R. 5988 (80TH CONG., 2D SESS.) DEFINING "CONTRIBUTORY INFRINGEMENT"—A PROPOSAL FOR AN AMENDMENT THERETO DEFINING A DEFENSE FOR ONE CHARGED WITH CONTRIBUTORY INFRINGEMENT, SUBMITTED BY MR. I. E. MCCARE, CHIEF ENGINEER AND CHAIRMAN OF THE BOARD OF THE MERCOID CORP., CHICAGO 41, ILL.

I have expressed my reasons as to why I believed the doctrine of contributory infringement should be left as it is and why there should be no attempt made to enact into law a statutory definition of contributory infringement. I have also endeavored to point out that if such a bill should, however, be passed, that it is not, in the present form, what it should be.

I now wish to offer for consideration, in the event such a definition should become law, the proposition that those charged with contributing to infringement have a certain defined defense therefor, and as such, so defined in the bill.

As to this defense, I believe that any act or acts for which a contributory infringer may be held as contributing to the infringement of a United States letters patent also be held to invalidate the patent, if such act or acts have been committed more than 1 year prior to the filing date of such patent.

I should like to illustrate my point by reviewing certain circumstances and facts relating to *The Mercoid Corporation v. Minneapolis-Honeywell Regulator Co.* case (320 U. S. 680; 60 U. S. P. Q. 30), which was finally decided by the United States Supreme Court and which case, it appears, serves as the basis, for those who support the bill, to justify the need for such a statutory definition.

What I shall attempt to show has to do with a charge of contributory infringement based on the sale of furnace controls with an explanation of how to use them in a heating system patented by one, Edward E. Freeman. The fact that the same act or acts by the defendant had commenced many years before the filing of the Freeman patent failed to impress the Court and installations which were located to support the evidence of sale and explained use, having occurred some 10 or more years prior to the filing of the complaint, were such that the lower court stated in one instance:

"The court is not satisfied, however, that it was installed as it now exists prior to the Freeman date of application," and in another instance that "the court is not satisfied that they were installed in their present condition prior to the Freeman critical date."

It certainly should be obvious that a defendant is at a very great disadvantage if he is required to do more than to show that he sold and told at an early date (if only such later acts are all that have to be proved by a plaintiff to sustain a holding of contributory infringement) by additionally requiring the defendant to prove that such sales and instructions as to use actually resulted in an installation comprising the invention of the patent on suit. Such installations at the time of suit may require going back for a period of 10 or 15 years as it did in our case. It should be apparent that such an interval of time is much in favor of the plaintiff

for the defendant may have great difficulty in locating such installations or uses which remain unchanged, or, can be without a question of a doubt proved as to the date of installation and its use after that many years.

I would like the defendant to have the right, as a defense, to show only those things upon which he can be held or charged with as a contributory infringer to be the same things which he did 1 year or more before the filing of the patent in suit, whereby, such act or acts charged are, if proven by the defendant, sufficient without more to invalidate the claims of the patent.

#### HONEYWELL'S COMPLAINT AGAINST MERCOID

In Minneapolis-Honeywell's complaint it was charged:

(9) "That defendant, the Mercoid Corp., manufactures and sells, and has advertised and offered for sale, furnace controls in accordance with Bulletin M-12 published in 1937 and entitled "Mercoid Combination Fan and Limit Control for Warm Air Furnaces." A photostatic copy of said Bulletin M-12 as heretofore published and circulated by the defendant is hereto attached and marked "Plaintiff's Exhibit 3" (McCabe exhibit B).

Remarks: The combination fan and limit control combines in one enclosure the structures of separate "fan" and separate "limit" controls concurrently marketed with the combination unit and since prior to the year 1926.

(10) "Defendant, since the issue of said letters patent and within 6 years prior to the filing of this complaint, unlawfully and without license has infringed and contributed to the infringement of said letters patent and plaintiff's rights thereunder by making, using, and selling, and causing to be made, used, and sold, furnace controls embodying the invention of said letters patent, and that by so making, using, and selling furnace controls, defendant has caused and contributed to the cause of others infringing said letters patent; and that by so infringing and contributing to the infringement of said letters patent, defendant has realized and received gains and profits which otherwise would have been received by plaintiff."

Remarks: Mercoid, the defendant, did not, and now does not "use," so, does not infringe, but only manufactures and sells, which could constitute contributory infringement. It does not make, sell, use, or install the complete invention.

(11) That defendant, in common with its manufacture and sale of furnace controls in infringement of said Letters Patent No. 1813732, has heretofore circulated and threatens to continue to circulate combination control wiring diagrams as shown on plaintiff's exhibit 3, by which defendant contributes to the infringement of said Freeman patent by encouraging others to use and install furnace controls, manufactured and sold by this defendant for installation by such others, in accordance with said combination control wiring diagrams circulated and generally distributed by this defendant to users of its furnace controls.

THE PATENT IN SUIT—FREEMAN NO. 1813732; FILED JANUARY 16, 1931; GRANTED JULY 7, 1931 (MCCABE EXHIBIT C)

The Circuit Court of Appeals for the Seventh Circuit speaks of the Freeman patent as follows:

"With respect to the stoker-operated furnace a room thermostat normally starts the stoker. There is also a thermostat which breaks the stoker circuit when the air in the furnace reaches a predetermined high temperature, even though the room thermostat is calling for heat. This is for the purpose of preventing unsafe overheated conditions. Another thermostat is also placed in the furnace which does not permit the fan to start until the air in the furnace reaches a certain heat. It then starts the fan which continues to run so long as the furnace is hot and the room thermostat calls for heat, even if the stoker is stopped by the limit switch." (Italics mine in all instances unless noted.)

"Honeywell urges that Freeman's advance in the art is the arrangement of thermostat switches, subject to furnace heat, in connection with other parts, to secure a sequence of operations whereby combustion is stopped before excessive heat is reached in the furnace, but the fan continues to run and take the heated air from the furnace and deliver it to the rooms. The claims, it will be noticed, include the necessary combustion control and fan, and, in some cases, the room thermostat, together with the thermostatic fan and limit switch connected to secure sequence of operations."

The court further stated: "The accused device has no other use than for accomplishing the sequence of operations of the Freeman patent" (133 F. (2d) 803; 56 U. S. P. Q. 72).



## THE ACCUSED DEVICE

The Mercoid accused device was the type M-80 combination fan and limit control. This control was disclosed in a Bulletin M-12 (McCabe exhibit B) which bulletin explained its use and included several wiring diagrams each of which illustrated the invention covered by one or more of the Freeman patent claims.

The combination control combined in one enclosure the structures of "separate fan" and "separate limit" controls concurrently marketed with the combination unit and since prior to the year 1926. What could be accomplished by the combination control could likewise be accomplished with a separate fan and separate limit (combustion) control. (See Freeman patent drawings.)

As to the combination control, the circuit court said it "has no other use than for accomplishing the sequence of operations of the Freeman patent."

The Bulletin M-12 (second page, first column, middle) states:

"The Mercoid combination fan and limit control retains all of the outstanding features of the Mercoid type M-53 fan control and type M-51 limit control \* \* \* but these controls may now be had in a single unit in the Mercoid combination fan and limit control, at a saving over the use of two instruments" (p. 2, first column, first paragraph).

## HONEYWELL'S POSITION WITH RESPECT TO SEPARATE FAN AND LIMIT CONTROLS

As part of the licensing agreement two letters were added, one of which stated:

"In connection with our license agreement to you under the Freeman Patent No. 1,813,732 we agree that so long as you do not sell separate heating medium temperature responsive controls for carrying out the system of the Freeman patent at a combined price which is less than 25 percent higher than the prices set forth in the price schedule of the agreement for any specific 'combination furnace control' comparable to *carrying out in operation and function what the separate controls would do*, we will not assert our rights against you or your customers under the Freeman Patent on account of such sales" (McCabe exhibit D).

NOTE.—The circuit court said the combination control had no other use so that it would follow that the separate controls when used together (as they are in the combination unit) have no other use. This was the contention of Honeywell with respect to the accused device.

## MERCROID'S EARLY SELLING AND TELLING

Since prior to 1928 Mercoid (successor to the Federal Gauge Co.) sold, and told of their use, the first furnace controls of their manufacture identifying them as figure 50. The 1928 catalog H-3 on page 23 stated:

"The instruments shown above are designed for operation on warm-air furnaces that are equipped with motor-driven units. \* \* \* *When so installed this control operates as a positive safety device to prevent overheating.* Standard range 250° F. to 300° F. opening the electric circuit at the high point and restoring it on a 50° drop in the temperature in the furnace dome" (compare with circuit court of appeals statement p. 4); and, further:

"Furnace fan control for automatic control of booster fans on warm-air furnaces.

"Standard range is 190° to 140° F. *cutting in at high point to start the fan motor and cutting out when the dome temperature drops to the low point.*" (Compare with circuit court of appeals statement p. 4.) (McCabe exhibit E.)

Preceding this catalog selling of separate fan and limit controls and as of record as early as 1926 correspondence between the Federal Gauge Co. and its customers were exchanged regarding the availability and use of fan and limit controls. From the several of such instances produced by Mercoid, two are referred to here: 1. Peninsular Burner & Oil Co. correspondence (McCabe exhibit F). 2. Miller Automatic Services correspondence (McCabe exhibit G).

Quoting from Peninsular, January 23, 1926:

"Referring to our request for a control \* \* \* it is our intention to use this instrument in connection with a booster fan and its purpose is to start the fan after the furnace has attained sufficient heat to prevent cold air being blown into the house and to stop the fan at such a time after the burner quits operating that the temperature falls so low in the furnace that it is no longer desirable to have the fan running. The writer is satisfied, after speaking with your Mr. Mathews, that your figure 50 with a reversed tube will accomplish this job and urges that one be forwarded immediately by parcel post."



Federal replies, January 29, 1926:

"Referring to your order of January 23 please note that our engineering department recommends sending you two controls, one set 200° to 140°, and the other 250° to 300°, the first instrument to be set to cut in when the temperature in the dome of the furnace reaches 200°, and remain in contact until the temperature has dropped to 140°.

"This instrument will withstand a maximum temperature of 350° without damage. At 340° the question of fire hazard arises due to the accumulation of lint and dust in the air ducts and around the registers. For that reason our engineering department recommends sending you the second instrument as a safety limiting device set to cut in at 250° and out at 300° which will afford protection not only for the fan-controlling instrument but also against the fire hazard."

With reference to the Miller Automatic Services, correspondence Federal wrote, November 23, 1926:

"While we use figure 50 on this we usually refer to the instrument as a booster fan control due to the fact that the installation is usually made for forced circulation of air in connection with a hot air installation.

"When temperature surrounding the dome of a hot air installation reaches to 190° this control cuts in and starts the circulating fan, then if for any reason the fire should go out and the temperature surrounding the dome be reduced to 140° or less, the instrument will cut out thus preventing the forced circulation of cold air through the ventilating ducts.

"We usually recommend the use of a limiting device with the use of the circulating fan, such as our figure 50 furnace control set for 250° to 300° the purpose of this being to prevent overheating of the furnace dome and also due to the fact that at 340° there arises a fire hazard such as the taking of fire of lint and dirt which may have accumulated in the ventilating ducts."

The above quotations from the Mercoird catalog of 1928 and Federal (predecessor of Mercoird) correspondence of 1926 occurring more than 2 years before the filing of the Freeman patent, January 16, 1931, disclose limit (combustion) controls, Range 250° to 300° F. which "When so installed operates as a positive safety device to prevent overheating" and fan controls range 190° to 140° F. "to start the fan after the furnace has attained sufficient heat" and cutting out when "temperature drops to the low point."

#### CONCLUSION

Considering the charges of contributory infringement set forth in the bill of complaint, the Freeman patent, and, the advance in the art attributed thereto as urged by Honeywell and expressed by the circuit court ("the arrangement of thermostat switches subject to furnace heat, in connection with other parts, to secure a sequence of operations whereby combustion is stopped before excessive heat is reached in the furnace, but the fan continues to run and take the heated air from the furnace and deliver it to the rooms"). Mercoird was doing no more at the time of suit than it was doing more than 2 years prior to the filing of the Freeman patent.

It is believed that if the acts charged as constituting contributory infringement can be proven to be the same acts committed prior to the filing of the patent application they should suffice for invalidating the patent without requiring an installation proving their use. To require this today, under the above related circumstances is an injustice and unwarranted burden to impose upon the accused to the great benefit of the accuser.

Since, as accepted and stated by the circuit court that "the accused device has no other use than for accomplishing the sequence of operations of the Freeman patent" and, Honeywell's recognition that separate fan and separate limit controls can, when used together, carry out the operation and function of the combination control by agreement with its licensees, not to "assert our rights against you or your customers under the Freeman patent on account of such sales" if in the sale of the two separate controls the combined price is not less than 25 percent higher than that for the combination furnace control and which separate controls are so used as disclosed by its Freeman patent itself, it follows, that the separate controls advertised and sold as early as 1926 have no other use than for carrying out the Freeman sequence of operations.

It is an old axiom of patent law relating to validity that that which if later infringes, if earlier invalidates.

I should like to see included in any bill defining contributory infringement a section specifying that—

"That which constitutes contributory infringement by the accused, if by him is proved to constitute that which he likewise did more than one year before the filing date of the patent in suit, upon which the cause of action is based, invalidates said patent."

As a closing observation the proposed bill states, as its purpose, that it is to provide for the protection of patent rights where enforcement against direct infringers is impracticable.

Since the owner of the patent wishes a convenience when he sues for contributory infringement instead of suing the direct infringer, is not the alleged contributory infringer entitled to be relieved of going out and finding a direct infringement constituting a reduction to practice which he may never have had a reason to have carried out himself, although, he may have supplied materials and the instructions for so doing more than 1 year prior to the filing of the application and be able to prove his own actions although unable to go further to the satisfaction of the court as to his instructions having been followed?

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WATSON, COLE, GRINDLE & WATSON,  
Washington, D. C., April 22, 1948.

Re hearings on H. R. 5988, 5248, and 4061.

Mr. C. MURRAY BERNHARDT,  
Chief Clerk, Committee on the Judiciary,  
House of Representatives, Washington, D. C.

DEAR MR. BERNHARDT: I distributed copies of your letter of April 16 to parties interested. You will hear from Mr. Jennings Bailey, Jr., to the effect that the American Bar Association has not heretofore taken a position on these bills and therefore that no one can appear to testify on behalf of the association.

My own views may be simply stated. I am very much in favor of the enactment into law of some bill such as the Case bill, H. R. 5988, reestablishing the doctrine of contributory infringement. The bill needs rewriting in several respects and specific suggestions for revision will be made to you, probably by my brother Harold.

I am against the other bills, H. R. 5248 and 4061 and recommend that no hasty action be taken toward the enactment of a statutory definition of "invention." For the foreseeable future I think that the present procedure should be followed, courts being permitted to determine whether or not any patentee has made, or has not made, an invention.

Sincerely,

ROBERT C. WATSON.

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ASSOCIATION OF AMERICAN RAILROADS,  
Washington 6, D. C., May 8, 1948.

Hon. EARL R. LEWIS,  
Chairman, Subcommittee on Patents, Trade-Marks, and Copyrights,  
Committee on the Judiciary, House of Representatives, Washington, D. C.

MY DEAR MR. LEWIS: I am writing this letter in opposition to H. R. 5988, on behalf of the Association of American Railroads, which is a voluntary organization including in its membership railroads operating more than 95 percent of the class I mileage in the United States.

While it has been stated by proponents of the bill that it is designed to avoid confusion in the doctrine of contributory infringement, resulting from the decision of the Supreme Court of the United States in *Mercoind Corp. v. Mid-Continent Co.* (320 U. S. 661, (1944)), it would appear that the measure goes much further and extends the monopoly of a combination patent into new fields.

It is a long and well established doctrine that the owner of a machine covered by a combination patent has the right to replace broken or worn out parts, not separately patented, if such replacement constitutes repair or maintenance of the machine and does not amount to a substantial reconstruction. This right to replace parts is not restricted to articles which are not especially made or adapted for use in the patented machine, and the right includes, of course, the privilege of purchasing replacement parts in the open market. (*Wilson v. Simpson et al.*, 50 U. S. 109; *Chaffee v. Boston Belting Co.*, 63 U. S. 217; *Heyer v. Duplicator Mfg. Co.*, 263 U. S. 100; *Shickle, Harrison & Howard I. Co. v. St. Louis Car-Coupler Co.*, 77 Fed. 739.)

Thus, such replacement does not constitute a direct infringement on the part of the lawful owner of the machine covered by a combination patent and for that reason cannot constitute a contributory infringement on the part of the manufacturer who makes or sells the part used for replacement purposes.

H. R. 5988 would appear to make a fundamental change in this doctrine, not only with respect to contributory infringement, but also with respect to direct infringement. I quote sections 3 and 4:

"SEC. 3. The sale of a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, if especially made or adapted for use in infringement of such patent, and not suitable for actual commercial noninfringing use, shall constitute contributory infringement.

"SEC. 4. The mere sale of any staple article or commodity of commerce not especially made or adapted for use in a patented invention, and suitable for actual commercial noninfringing use, shall not of itself constitute contributory infringement, even though sold with the knowledge or expectation that it will be used in infringement of the patent."

While the above quoted language is not entirely clear in its implications, it is apparently designed for the purpose of making it unlawful to replace a component part of a machine covered by a combination patent, even for purposes of maintenance and repair, when the replaced part is especially made or adapted for use in the machine. We submit that such a basic extension of the patent monopoly is wholly without justification and is entirely unnecessary for the purpose of avoiding any so-called confusion, growing out of the Merco'd case, in the doctrine of contributory infringement.

An extension of the patent monopoly such as would seem to be accomplished by this bill, would have a serious adverse effect upon the railroads as well as upon the public generally. The railroad industry buys and uses many millions of dollars worth of machinery, equipment, and apparatus, much of which falls within the coverage of various combination patents. If, by reason of the passage of the bill now pending before your committee, it should become impossible for the railroads to maintain and repair this machinery by replacing an unpatented part, unless such part should be purchased from the holder of the combination patent, heavy additional expenses would be incurred by the industry because the monopoly prices for such parts would be considerably higher than prices which are available in the open market.

If the doctrine of contributory infringement is in need of clarification, we would have no objection to a suitable bill to accomplish that purpose. However, as above stated, we think that H. R. 5988 is undesirable. It is not restricted to the doctrine of contributory infringement. Moreover, in our view it fails to make any worth while contribution toward clarification of that doctrine.

I shall appreciate it if you will include this letter in the record of hearing.

Respectfully,

J. CARTER FORT.

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STATEMENT OF ROY C. HACKLEY, JR., SPECIAL ASSISTANT TO THE ATTORNEY GENERAL, CHIEF, PATENT SECTION, DEPARTMENT OF JUSTICE RE H. R. 4061, H. R. 5248, PROPOSING STATUTORY TEST OF "INVENTION" and H. R. 5988 PROPOSING STATUTORY DEFINITION OF "CONTRIBUTORY INFRINGEMENT"

Mr. Chairman and members of the committee, in dealing with these measures I will first comment on H. R. 4061 and H. R. 5248, which have in common a proposal to amend section 4886 of the Revised Statutes to establish affirmative standards or criteria for testing or determining invention and after completing comment on these bills I will turn to H. R. 5988 which is directed to defining by statute the doctrine of contributory infringement of letters patent.

#### H. R. 4061

H. R. 4061, entitled "A bill to establish a criterion of invention with respect to patent applications and issued patents, and to amend section 4886 of the Revised Statutes, and for other purposes," was introduced July 1, 1947, by Representative Gamble, of New York.

This bill proposes to amend the stated section by adding thereto a provision prescribing a series of standards to be applied, (a) by the courts in determining validity of patents in infringement litigation and the like, and (b) by the Patent Office, and the courts in line of appeal therefrom, in determining patentability

in the first instance. Initially, the amendatory language provides that the determination of such questions shall be matters of fact as to which all evidence relevant, competent, and material, shall be admissible and goes on to provide that if a preponderance of such evidence shows that the improvement of the claimant or patentee, otherwise complying with the existing provisions of section 4886, "fills a long-felt want," such evidence shall be deemed "sufficient proof" of invention provided such evidence further shows by a preponderance that the skill of the art was insufficient prior to the work of the patentee or claimant to accomplish the result achieved.

It would appear that this bill is aimed at creating a more liberal test for determining invention, both on the part of the Patent Office in the original instance in granting letters patent, and the courts in construing patents, than is often argued to be embraced in the so-called "flash of genius" doctrine announced by the Supreme Court in *Cuno Engineering Corp. v. Automatic Devices Corp.* (314 U. S. 84, 91), decided in 1941. A somewhat similar reference to a "flash of thought" is found in *Densmore v. Scofield* (102 U. S. 375) decided in 1880. The bill perhaps is aimed as well at the doctrine as to patentability of "discoveries" as announced by the Supreme Court in *Funk Brothers Seed Co. v. Kalo Inoculant Co.* (No. 280, October term, 1947), decided by the Supreme Court on February 16, 1948.

#### H. R. 5248

H. R. 5248 entitled "A bill to declare the national policy regarding the test for determining invention," was introduced February 2, 1948, by Representative Hartley, of New Jersey.

This bill, while proposing minor modifications of the present language of section 4886, in substantial respect proposes to amend that statute by the addition thereto of the following:

"Patentability of inventions and discoveries, including discoveries due to research, and improvements thereof, shall be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the mental process by which the invention or discovery, or the improvement thereof, may have been accomplished."

The forepart of the bill corresponds to the statute presently existing save that reference to the inventor throughout the bill has been pluralized in the alternative.

The amendatory sentence provides for the so-called "objective test" of invention and discovery, and corresponds in purpose and principle to the recommendation of the National Patent Planning Commission appointed by the late President Franklin D. Roosevelt, as set forth in the first of three reports of that Commission filed with the President in June 1943. That Commission was under the chairmanship of Dr. Charles F. Kettering, and was composed, in addition, of Chester C. Davis, Francis P. Gaines, Edward F. McGrady, and Owen D. Young. The Commission made a study of the American patent system and its operation, particularly from the standpoint of encouragement of invention, and concluded, as follows:

"The most serious weakness in the present patent system is the lack of a uniform test or standard for determining whether the particular contribution of an inventor merits the award of the patent grant. The patent statute itself is quite specific. R. S. 4886 provides that a patent may be obtained by 'any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvements thereof, \* \* \* upon payment of the fees required by law and other due proceedings had.' The difficulty in applying this statute arises out of the presence of the words 'invented' and 'discovered.' Novelty alone is not sufficient, nor is utility, nor is the final accomplishment. There must also be present some mysterious ingredient connoted in the term 'invented.'"

"Many different and unrelated tribunals now are forced to make their individual decisions, among them being the Patent Office, the several district courts, the various courts of appeals and the Supreme Court. The difficulty is that there is no accepted uniform standard among these several tribunals which can be applied in the same or similar cases. There is an ever-widening gulf between the decisions of the Patent Office in granting patents and decisions of the courts who pass upon their validity. It would be highly desirable and a great step forward if patents could be issued with a greater assurance that their validity would be upheld by the courts. No other feature of our law is more destructive to the purpose of the patent system than this existing uncertainty as to the validity of a patent.

\* \* \* \* \*

"It is inconsistent with sound national policy to continue to grant patents with existing uncertainty as to their validity, and unfair to the inventors of this country and to manufacturers and investors who have proceeded on the basis of a protective security in the form of a patent issued to them by the Federal Government. \* \* \* A promising improvement would be for Congress, by legislative enactment, to lay down a reasonable, understandable test by which inventions shall be judged both from the standpoint of the grant of the patent and the validity of the patent thereafter.

"The Commission therefore recommends the enactment of a declaration of policy that patentability shall be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the process by which the invention may have been accomplished."

In 1945, after the above report of the National Patent Planning Commission was submitted, another committee was appointed at President Truman's request to give the subject further study and to present "specific proposals for such legislation as may seem to be appropriate." This Committee, consisting of William H. Davis (Chairman), Dr. Charles F. Kettering, Dr. Vannevar Bush, and Morris Llewellyn Cooke, has not yet submitted its report.

#### RECOMMENDATION

The basic question which is posed by the introduction of H. R. 4061 and H. R. 5248, is whether the national interest would be better served by the creation of a statutory definition of the word "invention," or by leaving its definition to the courts, as is now the situation. At present, the question of whether a given development constitutes "invention" in the patentable sense is a difficult one and it may well be desirable for Congress to formulate objective and administrable standards of invention. What those standards should be and whether they should be higher or lower than the standards presently applied depends, however, upon a consideration of many factors. These include a determination of whether standards more liberal to the patentee spur inventive activity or high standards discourage scientific progress, or vice versa. They also include a careful balancing of the public interest in the maintenance of our traditional freely competitive economy as against the creation of individual monopolies, albeit limited in scope and time, represented by patents.

These bills appear to be aimed at creating more liberal standards than presently exist in the case law for determining patentability of invention and validity of patents. Whether the principle back of these bills should be supported or opposed seems to turn on whether the best interests of the Nation would be served by a strengthening of the patent system through rendering a higher percentage of inventions patentable and patent grants more likely of enforcement or by containing it and thus restricting correspondingly the area in which monopoly grants will be meted out.

The Department of Justice is of the view that a study along these lines of the subject of establishing by statute criteria of invention and standards for testing validity of letters patent is a desirable one to be undertaken by the Congress and is of the further view that if appropriate language can be drawn, it may well be desirable to amend section 4886 of the Revised Statutes to that end. What form such statutes should take can be determined after these studies and investigations have been made and the conclusions to be drawn from them becomes clear. The end to which these bills are drawn is approved by the Department of Justice but what form such a statute should take can be determined only after the basic question is determined.

#### H. R. 5988

Comment has been requested with reference to H. R. 5988, Eightieth Congress, second session, entitled "A bill to provide for the protection of patent rights where enforcement against direct infringers is impracticable, to define 'contributory infringement,' and for other purposes" introduced March 24, 1948, by Representative Case, of New Jersey.

The subject bill proposes the addition to the organic patent law of a definition of "contributory infringement" of letters patent. In this measure, contributory infringement is defined both in the affirmative, as to what act or acts shall be deemed to constitute such trespass, and in the negative, as to acts which would not be susceptible of such interpretation. In addition, an effort is made in the language of the bill to obviate particular acts, asserted to be contributory infringement, as being construed as violative of the antitrust laws.

The doctrine of contributory infringement originally arose as a case-law additive to the general law relating to infringement of letters patent as defined in section 4919 of the Revised Statutes (35 U. S. C. 67) and has never, as such, been the subject of statutory definition. Contributory infringement, as developed by the case-law, comprises the intentional aid or cooperation in transactions which collectively constitute complete infringement as, for example, where a person furnishes one part of a patented combination, intending that it shall be assembled with the other parts thereof, and that the complete combination shall be used or sold with the result of infringement of letters patent. Under such circumstances the contributor historically has been deemed liable in infringement for his acts in the same fashion as is the producer of the whole. (*Leeds & Catlin Co. v. Victor Talking Machine Co.* (No. 2,213 U. S. 325).) Likewise the law has been settled that the mere sale of a staple article of commerce, even with the knowledge or expectation that it might be used in performing an act of patent infringement, does not constitute contributory infringement (*Charles H. Lilly v. Laucks* (56 F. (2d) 175, 185, cert. den., 293 U. S. 573).)

It has been argued that the historical case-law doctrine of contributory infringement has at least been greatly narrowed and perhaps extinguished in recent decisions of the Supreme Court and particularly by the opinion of that Court in *Mercoid Corp. v. Mid-Continent Investment Co.* (320 U. S. 661). It is not our view that such was the intended result or is the proper construction of the *Mercoid* case but rather that the *Mercoid* case preserved the doctrine of contributory infringement as theretofore existing and merely found that on the facts of that case a patent owner was seeking to extend his lawful patent monopoly beyond proper bounds contrary to the rule of the Supreme Court prohibiting the "illegal extension of the patent monopoly." See *Motion Picture Co. v. Universal Film Co.* (243 U. S. 502), *Morton Salt Co. v. G. S. Suppiger Co.* (314 U. S. 488) and like cases.

It is conceded however that the *Mercoid* case at least has created some doubt as to what remains of the historic doctrine of contributory infringement. Inasmuch as such is the case it may be appropriate for the Congress to give consideration to clarifying the situation by giving to the doctrine of contributory infringement the force of statute.

It is the view of the Department of Justice that legislation corresponding in principle to sections 1 to 4, inclusive, of the present bill is desirable, although if such a measure is to be adopted the Department of Justice will have some comment to make about the precise language to be employed to insure that, insofar as a cause of action for contributory infringement lies, the same is limited to a trespass upon the patent grant and does not go beyond to permit illegal extension of the patent monopoly. In this latter connection section 5 of the bill, as it is understood, is disapproved in that, if it means anything it seems to negate much of the existing body of case law which has operated to prevent illegal extension of the patent grant without tampering with the grant itself. Section 5 is perhaps aimed at no more than insuring that reliance upon statutory contributory infringement shall not in itself constitute a violation of the antitrust laws, a proper objective, although as drawn, this section is nevertheless susceptible of construction beyond that point.

Accordingly as in the case of H. R. 4061 and H. R. 5248 it is the position of the Department of Justice that H. R. 5988 is directed at a problem sound in principle but as to which, if as a matter of legislative policy the Congress determines such legislation to be desirable, further views will be submitted as to specific language proposed to accomplish the objective of the measures.

In closing it should be pointed out however that it may well be assumed that enactment of legislation to accomplish the objectives of these measures may well increase the cost to the United States in judgments for infringement of letters patent or in settlement of infringement claims. It may well be, however, that the Congress may conclude that such cost is a reasonable price to pay if a strengthening of the patent system results in an increase in technical advances of arts and sciences.

DEPARTMENT OF THE ARMY,  
Washington, D. C., May 5, 1948.

Hon. EARL C. MICHENER,  
Chairman, Committee on the Judiciary,  
House of Representatives.

DEAR MR. MICHENER: By letter of April 15, 1948, you asked the Department of the Army to report on H. R. 4061, Eightieth Congress, first session, a bill to

establish a criterion of invention with respect to patent applications and issued patents, and to amend section 4886 of the Revised Statutes, and for other purposes. This bill is directed to an amendment of section 4886 of the Revised Statutes, as amended (35 U. S. C., sec. 31), which has for its underlying purpose the establishment of affirmative standards or criteria for testing or determining "invention."

The bill if enacted would assist the administration of the Department of the Army with respect to patent problems as it would establish a more definite rule than is now available for determining the presence or absence of "invention" in patents and discoveries.

The Congress has authorized the Secretary of the Army to purchase patent rights, take licenses, and make settlements of claims for infringement. Such authorizations are to be found, for example, in section 1 of Public Law 700, as amended (35 U. S. C. 42) [Patent Secrecy Act], and section 3 of Public Law 768 (35 U. S. C. 91) [Royalty Adjustment Act]. In carrying out the indicated functions it is frequently necessary to determine whether the patent furnishing the basis for an alleged infringement is valid, or, in the case of a pending patent application, the area of validity. At present, in making this determination, conclusions are based on court decisions relating to invention and, in view of the current trend of the Supreme Court over the past decade toward increasingly strict interpretation of "invention", there is always an element of uncertainty in the conclusion reached. In fairness to the Government, the conclusions follow the stricter interpretations of the Supreme Court as they are handed down, leaving to the claimant in cases where the decision is adverse to his interest his remedy by suit in the Court of Claims.

Obviously, if there were a legislative standard of "invention", the everyday operations of the Army with respect to patent matters would be simplified.

The enactment of the proposed bill would undoubtedly result in increased expense to the Government in that an additional number of patents would be held valid and infringed. As against this potential liability there are the benefits to be derived by the country as a whole because of the added incentive which will be given to the inventor to use his ingenuity. Inasmuch as this Nation has derived great benefit from the inventive advances of its people both in time of peace and in time of war it may well be that the national interest would best be served by an expression from Congress of liberal standards for determining patentability of inventions and validity of patents.

In view of the proximity of the hearings on this bill, this report is submitted without a determination by the Bureau of the Budget as to whether it conforms to the program of the President.

Sincerely yours,

KENNETH C. ROYALL,  
*Secretary of the Army.*

DEPARTMENT OF THE ARMY,  
*Washington, D. C., May 5, 1948.*

HON. EARL C. MICHENER,  
*Chairman, Committee on the Judiciary,  
House of Representatives.*

DEAR MR. MICHENER: By letter of April 15, 1948, you asked the Department of the Army to report on H. R. 5248 (80th Cong., 2d sess.), a bill to declare the national policy regarding the test for determining invention. This bill in substantial respects amends section 4886 of the Revised Statutes by the addition thereto of the following:

"Patentability of inventions and discoveries, including discoveries due to research, and improvements thereof, shall be determined objectively by the nature of the contribution to the advancement of the art, and not subjectively by the nature of the mental process by which the invention or discovery or the improvement thereof, may have been accomplished."

The amendatory sentence as quoted provides for the substitution of the so-called objective test of invention and discovery for the subjective test which includes a weighing of the inventor's mental concept in arriving at a determination of the question of invention.

The standards set forth in this bill would very probably result in more patents being granted by the Patent Office and a higher percentage of litigated patents being held valid than under existing standards.

The bill if enacted would assist the administration of the Department of the Army with respect to patent problems, as it would establish a more definite rule



than is now available for determining the presence or absence of "invention" in patents or discoveries which affect the Department of the Army procurement.

The enactment of the proposed bill would undoubtedly result in increased expense to the Government in that an additional number of patents would be held valid and infringed. As against this potential liability there are the benefits to be derived by the country as a whole because of the added incentive which will be given to the inventor to use his ingenuity. Inasmuch as this Nation has derived great benefit from the inventive advances of its people both in time of peace and in time of war, it may well bet hat the national interest would best be served by an expression from Congress of liberal standards for determining patentability of inventions and validity of patents.

In view of the proximity of the hearings on this bill, this report is submitted without a determination by the Bureau of the Budget as to whether it conforms to the program of the President.

Sincerely yours,

KENNETH C. ROYALL,  
*Secretary of the Army.*

#### CHICAGO PATENT LAW ASSOCIATION REPORT ON GAMBLE H. R. 4061

The Gamble bill, H. R. 4061, is open to many of the objections to the Hartley bill, H. R. 5248 (disapproved), in attempting to set forth what shall constitute patentable invention.

The Gamble bill provides that if the preponderating weight of evidence shows that the claim complies with the present requirements of section 4886 R. S. "and fills a long-felt want, such evidence shall be deemed sufficient to constitute proof that the subject matter of the claim amounts to invention, provided the preponderating weight of such evidence further shows that, prior to such invention, the skill of the art to which the invention appertains had not supplied such want and in its then state of development was unable so to do."

This is certainly confusion worse confounded.

We believe that the determination of the question of invention must be left to the sound discretion of the court according to the particular case, giving due weight to the various tests of invention which have been set forth in various court decisions.

To try to substitute some "nickel in the slot" method of determining invention, instead of leaving this question to the sound judgment of the court, will not, it is believed, aid in a solution of this inherently difficult question.

What is believed to be a further fault of the Gamble bill is that it specifically recites that the determination of the question of invention "shall be one of fact," which, of course, means that under the Rules of Civil Procedure any review of the question would be limited to cases in which the finding was clearly erroneous, which would make a very difficult situation in many cases, practically doing away with the right of review in an appellate court, for under other parts of the Gamble bill the finding would be based merely upon the preponderance of evidence.

#### RECOMMENDATION

We recommend that this bill be disapproved.

CHICAGO PATENT LAW ASSOCIATION,  
HENRY M. HUXLEY,  
*Chairman of the Subcommittee.*  
ARTHUR A. OLSON,  
*Chairman of the Legislative Committee.*  
CYRIL A. SOANS,  
*President of the Board of Managers.*

CHICAGO, ILL., April 30, 1948.

#### COMMENTS ON H. R. 5248 SUBMITTED BY THE NEW YORK PATENT LAW ASSOCIATION

This bill proposes to amend R. S. 4886 in two respects.

The first change is a rephrasing of the present section so that it refers specifically to inventions made by more than one person, as exemplified by the first few words "Any person or persons who has or have \* \* \*" Notwithstanding the



present wording in the singular, it has long been recognized and is the established practice that where an invention is made by two or more persons they apply for and receive a patent jointly. This amendment would bring the statute into conformity with existing procedure. It is unobjectionable.

The primary purposes of the bill appear in the sentence proposed to be added at the end of R. S. 4886 and reading as follows (*italics ours*):

"Patentability of inventions and discoveries, *including discoveries due to research*, and improvements thereof, shall be determined *objectively* by the nature of the contribution to the advancement of the art, *and not subjectively by the nature of the mental process* by which the invention or discovery, or the improvement thereof, may have been accomplished."

This proposed addition undoubtedly stems in part from the decision of the Supreme Court in *The Cuno Engineering Corp. v. The Automatic Devices Corp.* (314 U. S. 84 (Nov. 10, 1941)), popularly known as the "flash of genius" case. In its opinion, the Supreme Court said:

"That is to say the new device, however useful it may be, must reveal the *flash of creative genius* not merely the skill of the calling."

The italic phrase created a tremendous furor and was taken by many to mean that an invention was not patentable unless it was the product of a "flash." It had immediate effect on many courts adverse to the interests of patentees. Many students of the Cuno case believe that there was no intention on the part of the Supreme Court to lay down any new test for "invention," but that it merely restated in different words the old rule that "invention" must be something more than the work of a mechanic skilled in the art.

Notwithstanding this enlightened view, the atmosphere created by this decision and its attendant publicity is still having a noticeable influence on some courts in the direction of invalidating patents for lack of that indefinable element of "invention"—one of the prerequisites of patentability along with novelty and utility. There appears to be a psychological prejudice against patents.

The amendment also makes specific mention of "discoveries due to research." This phrase is undoubtedly intended to counteract the influence of a school of thought which gave rise to certain decisions, typified by *Potts v. Coe* (140 F. 2d 470; 60 U. S. P. Q. 226, and on motion to vacate 145 F. 2d 27; 62 U. S. P. Q. 331 (1944)). This school holds to the view that the fruits of organized research should not be afforded patent protection. It might be called the "inventions can be made-to-order" school. This is an even more pernicious idea than that there must be a "flash of genius." The benefits the public enjoys from the creation and commercialization of new things are in no way related to the type of inventive effort which produces them. The objective of the patent system, "the progress of science and useful arts," is best achieved by encouraging all kinds of such effort, particularly organized research.

In the first opinion in *Potts v. Coe*, supra, the court, referring to the argument that "investments in research by dominant corporate groups should be protected by law in order to encourage them to spend more money for research", said "The reading of such a principle into the patent law should require an act of Congress."

H. R. 5248 is a step in the right direction. To the patent bar it is clear that the legislative branch of Government should express itself as in opposition to an antagonistic attitude toward patents, and the sooner the better. The desirability of such action is suggested by a recent remark by Judge Clark, of the Second Circuit Court of Appeals, in a dissenting opinion in *Best & Co. Inc. v. Miller* (April 2, 1948). Referring to the new Lanham Trade-Mark Act, he said, "it is a more recent and immediately direct expression of legislative concern for this species of property than we have had as to patents. \* \* \* I can see no escape from our duty to carry out the legislative intent."

While the purposes and proposals of H. R. 5248 are approved in principle, we feel that the terms "objectively" and "subjectively" are not effective directives and are liable to cause confusion. Are they intended to refer to the process by which "invention" was arrived at or to the mental approach of the court to the issue of "invention"? Furthermore the language of the bill is liable to defeat its own purpose since it refers to "Patentability of inventions." This leaves a court free to say there is no "invention." We feel that this troublesome word is best avoided and propose substituting for the last sentence of the bill (p. 2, lines 8-14) the following:

"Patentability shall be determined by the nature of the contribution to the advancement of the art, not by the nature of the process by which such contribution may have been accomplished."

This states concisely the principal object sought by the bill, which relates solely to the determination of patentability, while avoiding the above-mentioned difficulties.

It is believed that the proposal covers "discoveries due to research," even though they are not specifically mentioned, since "research" is just one possible route to patentable invention or discovery, involving one method of approach. "Research," in the context to the bill, cannot mean much more than persistency or continuity of investigation or effort.

The bill obviously derives from a proposal of the National Patent Planning Commission (Report, 1943, sec. V. A., H. Doc. No. 239, 78th Cong. 1st sess.). Our proposal adheres more closely to the Commission's recommendation than does the bill, departing therefrom only in omission of the words "objectively" and "subjectively" and substituting "contributions" for the word "invention." It will be noted that "process" is not qualified by the limitation "mental."

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#### COMMENTS ON H. R. 4061 SUBMITTED BY THE NEW YORK PATENT LAW ASSOCIATION

This bill proposes to amend R. S. 4886 (U. S. C., title 35, sec. 41) by adding thereto the following (italics ours):

"When, in any proceeding before any tribunal having jurisdiction to determine the patentability of a claim in a patent application or the validity of a claim of an issued patent, the issue arises in respect to the question of whether the subject matter defined by such claim amounts to *invention*, that question shall be one of fact and all evidence relevant, competent, and material concerning the question shall be admissible. If the preponderating weight of such evidence shows that the subject matter of the claim complies with the requirements previously set forth in this section and fills a long-felt want, such evidence shall be deemed sufficient to constitute proof that the subject matter of the claim amounts to *invention*, provided the preponderating weight of such evidence further shows that, prior to such invention, the skill of the art to which the invention appertains had not supplied such want and in its then state of development was unable so to do."

The most succinct comment we have heard on this proposal is that "this bill attempts the impossible and therefore fails." The attempt is to restrict the courts with respect to their freedom to deal with the question of "invention." Upon analysis, it will be seen that the bill leaves that question pretty much where it is at the present time.

The law is usually stated by saying that the "invention" must be something more than what would be expected of a "worker skilled in the art" (a fictitious person like the "ordinary reasonable man"). It is believed that fundamentally the bill leaves this rule untouched, because it says that the evidence adduced on the question of "invention" shall be sufficient proof thereof if it shows that the skill of the art had not supplied a long-felt want and was unable to do so. This seems to us no more than another way of stating that the alleged "invention" was shown by the evidence to be the product of something more than would be expected of a worker skilled in the art. If we are correct in this, enactment of the bill would fail to curb the courts in any way.

The bill is objectionable for another reason. One of the traditional tests for "invention" is that when produced it filled "a long-felt want." This, however, is but a single test. Moreover, the test laid down in the bill is a strict one. To come within it the plaintiff would have to prove the existence of the want and both failure and inability of the skill of the art to fill it. Inability could not be proved without proof of continuing attempts to fill a generally recognized want. In the case of many highly useful inventions, worthy of patent protection, there is no provable long-felt want, unless such want is to be deduced from commercial success. It is therefore believed that it would be highly undesirable to single out for incorporation in the statutory law this single test for "invention." It might have the effect of inclining the courts away from sustaining the validity of patents resulting from inventions made under circumstances rendering the prescribed test inapplicable.

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#### STATEMENT OF CHARLES S. WILSON, AIRCRAFT INDUSTRIES ASSOCIATION

I am Charles S. Wilson, patent attorney for Republic Aviation Corp., located at Farmingdale, L. I., N. Y., and I am appearing here as chairman of the patent committee of the Aircraft Industries Association of America. This committee is composed of representatives of all the major aircraft and aircraft accessory

manufacturers. I am an attorney at law and have specialized in the practice of patent law since 1911.

The present interpretation of the patent statutes by the courts as to what amounts to invention has caused widespread confusion. A review of the decisions of the various courts, including the Supreme Court, will demonstrate that the fact that the patent statutes have never defined invention or discovery has led to many conflicting decisions and more recently to the incorporation in the law, as judicially established, of the economic ideas and fancies of the judge or judges who happened to be sitting in any of the more recent cases.

The recent decisions of the Supreme Court have been consistently reversing or abolishing long established doctrines and precedents adopted by the Supreme Court itself in interpreting the patent statutes with the result that it is difficult, if not entirely impossible, for even a patent lawyer to arrive at any sound conclusion as to the patentability of an invention or the validity of a patent. The best he can do under present circumstances is to make an educated guess. If a definite legislative criterion of invention is adopted, the work of the Patent Office will tend to become standardized and consistency of decisions by the courts will be promoted.

It is significant that section 4886 of the Revised Statutes makes no attempt to define invention but leaves it for the courts to determine as an incident to the adjudication of patent property. This section of the statute merely itemizes the requirements which must be fulfilled in order to receive the grant of a valid patent.

Admittedly invention is very difficult to define. There are, however, certain considerations which might very properly be determinative of invention in fact. These considerations are apparent in H. R. 5248 and H. R. 4061. H. R. 5248 which rewrites section 4886 of the Revised Statutes, makes clear that invention is to be determined by relationship of an improvement to the advancement of the art rather than by some mystical mental process or "flash of genius". This bill H. R. 5248 has our endorsement and we think that its adoption will go a long way to clarify the present confusion in the law as now announced by the courts.

H. R. 4061 is of like import and we believe that its substance should be embodied in section 4886 as another section thereof. There is no conflict between these two bills. The Hartley bill (H. R. 5248) provides one test for determining invention and the Gamble bill (H. R. 4061) provides an additional or supplemental test. Both tests are acceptable to us and therefore we recommend that these bills be adopted in principle. It is suggested that the substance of the Gamble bill be incorporated as another section of the Hartley bill. It is thought that H. R. 4061 as drawn has a slight ambiguity which may lead the courts to decide that, in addition to the prerequisites now set forth in section 4886 of the Revised Statutes, the improvement must also fill a long-felt want. Many improvements or inventions do not fill a recognized want but create an entirely new industrial field of activity. Others, equally unforeseeable, make radical and salutary improvements in or departures from known practices. Therefore it should not be possible for a court to interpret the statute as requiring that the improvement must of necessity fill a long-felt want. This being so, it is suggested that the last sentence of H. R. 4061 be changed to read as follows:

"While not a prerequisite thereto, if the preponderating weight of the evidence shows that the subject matter of a claim fills a long-felt want, which the skill of the art in its then state of development is unable to fulfill, then such evidence shall be deemed to constitute proof of the fact that such claimed subject matter does amount to invention."

This suggested change in the language of the bill should make it clear that the filling of a long-felt want is not necessarily the only requirement of invention but states affirmatively that if a long-felt want is satisfied then that alone shall amount to invention.

It would be of further advantage to the public if the patent statutes were so amended as to lend authority to the old presumption in favor of the validity of a patent as a Government grant. The tendency of most of the decisions in recent years has been to cast a cloud of uncertainty over all patents and to disregard the long recognized presumption of validity. Among other handicaps under which patents seem to be laboring at the present time, is that instead of resolving all doubts in favor of the patent, the courts, presumptively acting under the dictum of the Supreme Court, are resolving all doubts in favor of the prior art.

As to H. R. 5983, this bill as drafted is endorsed by our committee as being definitely a step in the right direction; but it is not thought that it goes far enough in reestablishing the doctrine of contributory infringement. This doctrine was to the effect that to supply any device, the only use of which is as a component

of patented combination, constituted contributory infringement of the patent. This doctrine also held that any device capable of other uses which was knowingly supplied for use as a component of a patented combination likewise constituted contributory infringement. H. R. 5988 only recognizes the first part of this doctrine and completely disregards the second part. It is the feeling of our patent committee that the doctrine of contributory infringement should be affirmatively reestablished by legislative enactment. Therefore, as a substitute for H. R. 5988 it is recommended that section 4919 of the Revised Statutes (U. S. C. title 35, sec. 67) be amended by changing the period at the end of the second sentence to a semicolon and adding the following: "and any person, firm or corporation, which shall manufacture or vend, any part or component with knowledge that such part or component is to be used in a patented invention or discovery, the claim or claims of the patent for which include such part or component as an essential element of the invention or discovery so claimed shall be deemed to be a contributory infringer of the patent for such invention or discovery."

In order to make the pertinent sections of the act of March 3, 1911 (36 Stat. 1091 (Judicial Code)), consistent with the foregoing, it is recommended that section 48 (U. S. C., title 28, sec. 109) and section 129 (U. S. C., title 28, sec. 227a) be amended by inserting the expression "or contributory infringement" after each occurrence of the word "infringement" therein.

In almost every patent case recently decided by the Supreme Court there has been a strong dissenting opinion insisting that the revolutionary change in the precedents and law proposed by the majority opinion, be accomplished by the Congress rather than by the Court. It has been repeatedly pointed out in such dissenting opinions that Congress has from time to time had under consideration bills proposing to incorporate in the statutory law the doctrines expressed in the majority opinion and that these various bills had failed of passage. Since, however, the majority opinion of the Court, which did violence to the long-recognized doctrines of patent law prevailed it is submitted that the only remedy which remains is through the adoption of bills such as those now being considered by the committee.

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TESTIMONY OF GEORGE F. FOLK, PATENT ADVISER TO THE NATIONAL ASSOCIATION OF MANUFACTURERS, BEFORE THE PATENTS SUBCOMMITTEE OF THE JUDICIARY COMMITTEE OF THE UNITED STATES HOUSE OF REPRESENTATIVES, ON WEDNESDAY, MAY 5, 1948

Mr. Chairman and members of the subcommittee, my name is George E. Folk. I am a patent adviser to the National Association of Manufacturers, and I am speaking today for this association, a voluntary organization of about 16,500 manufacturers, 70 percent of whose members have less than 500 employees each.

It is my understanding that your committee is interested today in three bills, namely, the Case bill, H. R. 5988, defining contributory infringement; the Hartley bill, H. R. 5248, proposing a definition of invention; and the Gamble bill, H. R. 4061, proposing to establish a criterion of invention; and I propose to discuss these in order.

THE CASE BILL, H. R. 5988, DEFINING CONTRIBUTORY INFRINGEMENT

The recent decisions of the Supreme Court, especially the decision in the *Mercoid* case (320 U. S. 661) has left much uncertainty and confusion as to what constitutes contributory infringement. For that reason, the National Association of Manufacturers has approved in principle that there should be a statutory definition of contributory infringement.

The *Leeds* and *Catland* case (213 U. S. 501), had been considered as a precedent to the effect that he who sells an unpatented part of a combination patent for use in the assembled machine covered by the patent may be guilty of contributory infringement by reason of the fact that he actively assisted in the infringement. The Supreme Court in the *Mercoid* case expressly overruled its opinion in the *Catland* case, stating: "The rule of the *Leeds* and *Catland* case accordingly must no longer prevail against the defense that a combination patent is being used to protect an unpatented part from competition."

Mr. Justice Roberts, in a dissenting opinion in the *Mercoid* case, stated: "I think the opinion may create confusion respecting contributory infringement." Undoubtedly such confusion now exists.

Mr. Justice Jackson, in his dissenting opinion in the *Mercoid* case, stated: "It is suggested that such a patent should protect the patentee at least against one

who knowingly and intentionally builds a device for use in the combination and vends it for that purpose."

It is desirable, therefore, that there be some statutory definition of contributory infringement to remove the uncertainty and confusion now existing.

H. R. 5988, however, while having a praiseworthy objective, unfortunately, fails to meet the various situations that may arise with respect to contributory infringement and still fails to remove the uncertainty and confusion on the subject.

The NAM, therefore, while recognizing the desirability of a statutory definition of contributory infringement, believes that the Case bill, H. R. 5988, requires considerable revision based upon further study of the subject.

#### THE HARTLEY BILL, H. R. 5248, DEFINING INVENTION

This bill is identical with H. R. 3694, introduced in the Seventy-ninth Congress, and the wording is also identical with the recommendation of the National Patent Planning Commission.

The recommendation of the National Patent Planning Commission was undoubtedly made in view of the decision of the Supreme Court in the *Cuno* case (314 U. S. 84), which seemed to apply a new standard of invention, i. e., the flash-of-genius standard. Since that time, however, the Supreme Court in later decisions has in effect corrected the erroneous impression regarding the flash-of-genius criterion for patentability. For example, in 325 United States 327, in referring to the test of invention, the Court stated that "Consequently, it is not concerned with the quality of the inventor's mind but with the quality of his product."

Experience has shown the difficulty of defining what is an invention. Hence the NAM recommends disapproval of H. R. 5248, being of the opinion that the definition would add further complication to the question of determining patentability and would only increase confusion in the courts in deciding cases on that subject.

#### THE GAMBLE BILL, H. R. 4061, ESTABLISHING A CRITERION OF INVENTION

This bill is designed to specify what constitutes patentable invention under a special set of circumstances. It might be considered as establishing as a criterion the requirement that the invention be proven to be a commercial success before it could be regarded as patentable. Such test would be impractical, not necessarily true, and furthermore, it would not be possible to establish proof in every case that the invention in question fills a long-felt want.

It is believed that the criterion set forth in the bill would not remove any existing uncertainty on the subject and would not further aid the Patent Office or the courts in determining what constitutes patentable invention.

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#### THE PLIGHT OF PATENTS AND THE REMEDY, BY DRURY W. COOPER, MEMBER OF THE NEW YORK BAR

There is a serious defect in the patent law, as administered by the courts, which bids fair, unless corrected speedily, to emasculate the entire patent system.

It is generally accepted, even by the severest critics, that patents have been at the basis of our entire industrial enterprise from the beginning of our Government; they have made America what it is; they have enabled our country to lead the world in manufacturing, in average living conditions, and in prosperity; they have given us practically every modern instrumentality both of peace and of war; the telegraph, the telephone, the radio, radar, television, in the field of communication; the automobile, the steamboat, the sleeping car, the air brake, the airplane, in the field of transportation; the harvester, the tractor, the steel or iron plow, and many other tools for the farmer; the electric refrigerator, the oil-burning furnace, gas and electric ranges, and like household appliances; the electric dynamo and motor; steel itself, aluminum, and scores of useful alloys; all these, almost without exception, originated and were first patent in this country. I might continue the catalog until it included substantially everything of utility which has made our Nation so great.

The statute giving the right to a patent has been but little changed from the beginning. It provides (Rev. Stat., sec. 4886) that "Any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvements thereof \* \* \* may upon pay-

ment of the fees required by law, and other due proceedings had, obtain a patent therefor."

To invent means to come upon, to find out, to produce for the first time, to originate. To discover means substantially the same thing, that is, to obtain for the first time sight or knowledge of, to find out, to ascertain, to detect, to bring to the knowledge of the world. There is nothing obscure about either word. There is nothing in any dictionary definition that implies the idea of finding out something that is more difficult than the common man can be expected to ascertain. The statute gives as the only criteria for the grant of a patent, that what it covers must be new and useful. Yet the courts have, since the year 1850,<sup>1</sup> written into the statute something more. That is to say, they have defined an invention as something that springs from some intuitive or unusual faculty of the mind but beyond the "expected skill of the calling"; something that exceeds common ingenuity, goes beyond the exercise of the ordinary processes of reasoning upon the material supplied and beyond the facility of manipulation which results from the artisan's intelligent practice. As lately as in 1941 the Supreme Court deliberately adhered to this view, saying (*Cuno Corp. v. Automatic Devices Corp.*, 314 U. S., at p. 90):

"We may concede that the functions performed by Mead's combination (the invention at issue) were new and useful. But that does not necessarily make the device patentable. Under the statute \* \* \* the device must not only be 'new and useful,' it must also be an 'invention' or 'discovery.' \* \* \* That is to say, the new device, however useful it may be, must reveal the flash of creative genius, not merely the skill of the calling. If it fails, it has not established its right to a private grant on the public domain."

The Court obviously was mistaken in ascribing an esoteric meaning to the words "invention" and "discovery."

In practice—as most patent lawyers find by experience—the judges are sometimes governed by caprice, prejudice, or absence of the touch of genius in the patents coming before them, and at best seem to have developed an extra sense which Judge Biggs once likened to that used by an elephant crossing a bridge; for he puts one foot on the bridge, then raises his trunk and sniffs the air in all directions, and depends upon his instinct and training to tell him whether the bridge will bear his weight. This elephant test is at least as perfect a criterion as now exists in some of our courts. But it is wholly unsound.

The actual basis of the patent grant here should be precisely the same as in the old English theory, namely, the reward given to him who originates something new and useful whereby the sum of technical knowledge is enhanced, a new avenue of manufacture is opened, and a novel product is made to serve mankind.

It is true that the first British statutes established patents for inventions as exceptions to the prohibited monopolies, while our statutes are based upon the Constitution, which gave power to Congress "to promote the progress of science and useful arts by securing for a limited time the exclusive right to their respective writings and discoveries."

The grant to the inventor is not a monopoly, notwithstanding that it consists altogether in the right to exclude others from using what is patented to him. The patent is a bargain, a contract, between the public and the patentee, to be supported on the ground of mutual consideration and to be construed like other contracts between two parties each having rights and obligations arising from its making.

In *United States v. Dubilier Condenser Corp.* (289 U. S. 178, 186), the Supreme Court said:

"Though often so characterized, a patent is not, accurately speaking, a monopoly. \* \* \* The term 'monopoly' connotes the giving of an exclusive privilege for buying, selling, working, or using a thing which the public freely enjoyed prior to the grant. Thus a monopoly takes something from the people. An inventor deprives the public of nothing which it enjoyed before his discovery, but gives something of value to the community by adding to the sum of human knowledge."

The promotion of science and useful arts, to use the constitutional phrase, is attained by a patent grant in three ways: It rewards the inventor for his skill and labor in conceiving and perfecting the invention; it stimulates him and others to further efforts in the same or different fields; it secures to the public an immediate knowledge of the character and scope of the invention, an unrestricted right to use it after the patent has expired, and the immediate right to use any means to the same end that is not within the scope of the patent.

<sup>1</sup> *Hitchkins v. Greenwood* (11 How. 248).



One of the curiosities of our legal development is that whereas the single constitutional phrase is the foundation for both copyright and patent, nevertheless, both by statute and by decisions, the copyright has been given the greatest liberality, whereas the patent has been continuously limited, now almost to the point of extinction. There is nothing in the words used by the Constitution to justify this, for "author," "inventor," and "discoverer" have little to choose, as among them, in their derivation and significance. An author is one who begins, forms, or originates, one who composes or writes a book, etc.; whereas an inventor is one who comes upon, who meets, who finds, who originates; to discover is to obtain, for the first time, sight or knowledge of something, to find out, to ascertain. Neither "invention" nor "discovery" connotes "by ingenuity" or "by genius" or "by intuition" or "by proficiency"; yet the courts have so limited patentable inventions, even beyond the implication of those words. To the contrary, in aid of authors, the word "writing" has been enlarged, both by statute and by court decisions, to "include books that the old guild of authors would have disdained, catalogs, mathematical tables, statistics, designs, guidebooks, directories, and other works of similar character" (*National Telegraph News Co. v. Western Union Telegraph Co.*, 119 F. 294, 297). It has also been expanded to include a photograph<sup>2</sup> and a circus poster.<sup>3</sup> Intellectual, literary, or artistic merit is no longer considered in the sense that the proprietor must not have copied an older work; but if he has hit independently upon an old theme, his copyright is still good, notwithstanding.<sup>4</sup> The work does not have to be unique, in whole or in part; a copyright on a list giving the dimensions of piston rings has been sustained. Ordinary directories and similar compilations are copyrightable, although none shows the touch of genius, or anything beyond the scrivener's menial task. It has been made to include dramatic rights, i. e., the power to exclude others from dramatizing the story contained in a novel, for example<sup>5</sup>; also the right to make motion pictures based on copyrighted books.<sup>6</sup> Both of these show a control of the idea, as distinguished from a mere copy—which is all that is implied by the word itself. It has been held, generally, that a copyright is infringed if any part of its subject is appropriated.<sup>7</sup>

By statute as to patents, on the other hand, the inventor must not only describe his creation, but must "distinctly claim" so much of it as he asserts to be the subject of the patent and the courts must regard the claim as bounding the patent. The contrast is obvious.

Again, a copyright extends for 28 years with the unqualified right of renewal for another 28 years. Whereas a patent lasts for but 17 years, and it takes a special act of Congress to get a renewal—and such a special act has been but rarely passed.

A diligent student could scarcely find a case in the books in which the subject of a copyright is held to be uncopyrightable, and few enough in which, for any technical or other reason, copyrights have been stricken down.

Yet, in the past 15 years in particular—beginning about the year 1932 or 1933—the favor in which patents were previously held by the courts has been replaced entirely by a distaste which has become so strong as to liken the chance of a patent succeeding in the courts to that of the traditional camel passing through the needle's eye. It is said that the change came when Chief Justice Taft retired from the Supreme Court, after which, at a conference among its members, it was decided that too much favor had been shown patents and that the standards for "patentable invention" should be raised substantially. Whether the tale be true or apocryphal, it is the case that from that time substantially all patents have been declared invalid in the Supreme Court, and the result has been most destructive, because the lower courts are of course constrained to follow suit. The slaughter has been terrific. In one notable case the Supreme Court has held a patent in the wireless art—the four tuned circuits of prime consequence in their day—invalid for lack of invention although the lower courts, and the British and French courts as well, had held it valid consistently for a period of 10 or 12 years. Other instances might be multiplied, for almost every patent now coming to the Supreme Court, and by far the greater number to every other Federal court, are now declared to be invalid, even if novel and useful, for the lack of the "touch of genius."

<sup>2</sup> *Lithographic Co. v. Sarony*, 111 U. S. 53.

<sup>3</sup> *Blatstein v. Donaldson*, 188 U. S. 239.

<sup>4</sup> *Fred Fisher, Inc. v. Dillingham*, 298 Fed. 145.

<sup>5</sup> Sec. 1 of Copyright Act.

<sup>6</sup> *Kalem v. Harper Bros.*, 222 U. S. 55.

<sup>7</sup> *Harper v. Shoppell*, 28 F. 613; *Da Prato v. Giuliani*, 189 F. 90.

The effect upon the patent system has been marked. In 1933, 48,786 patents were taken out in the United States; in 1947, 20,149 only were secured—a diminution of 59 percent in 14 years.

A graph prepared for the National Manufacturers Association shows that the per capita issue of patents from 1880 to 1933 was substantially constant, that is, the number of patents in relation to population; whereas, as we have seen, with a rising population, between 1933 and 1947 the decline in patents was overwhelming. Obviously, invention is being discouraged and the progress of science and the useful arts is being arrested.

It is quite likely that, wherever possible, inventors are keeping their discoveries secret, with the intention, in some cases at least, of disclosing them confidentially to others and making private agreements for their utilization. Others, including some of the larger corporations, may utilize them in secret, where the circumstances warrant. All of this because the Government, through the courts, is failing in its duty to enforce its contract with the inventor. That such a duty exists was declared by Chief Justice Marshall in *Grant v. Raymond* (6 Peters, at p. 241):

"It (the patent) is the reward stipulated for the advantages derived by the public from the exertions of the individual, and is intended as a stimulus to those exertions. Laws which are passed to give effect to this purpose ought, we think, to be construed in the spirit in which they have been made; and to execute the contract fairly on the part of the United States, where the full benefit has been actually received \* \* \*. The public yields nothing which it has not agreed to yield; it receives all which it has contracted to receive. The full benefit of the discovery, after its enjoyment by the discoverer for 14 years, is preserved; and for his exclusive enjoyment of it during that time the public faith is pledged. That sense of justice and of right which all feel, pleads strongly against depriving the inventor of the compensation thus solemnly promised \* \* \*."

The remedy is, to eliminate by statute the power of courts to declare patents invalid on grounds other than those of novelty and utility (provided, of course, that the statutory requirements for their issuance have been complied with), i. e. take away the power to speculate about the degree of genius involved in the creation of any new and useful thing. The Patent Office examines each application filed, and if it finds novelty and utility it grants the patent. But the courts now look for something more—"the flash of genius"—and strike down the grant, which has become a contract between the inventor and the Government. In doing so they both violate the contract and disregard the principle that the courts should follow the decision of a Government department charged with the duty of deciding.

The change suggested would put the interested public in a position to determine accurately the chance of sustaining any patent. Its validity would no longer depend upon the speculation by the courts as to what one skilled in the art might or might not accomplish in a given set of circumstances, and it would reduce the questions involved to definite and ponderable things; that is, to novelty and utility alone. It might result in sustaining annoying patents on relatively trifling things; but it would leave as the only indefinite condition of a patent suit the question of infringement, that is, one trying to make up his mind about an outstanding patent would be uncertain only on the question of infringement, and that, by accepted principles, would be governed by the degree of advance shown by the patent, so that if the inherent novelty were but trifling, a defendant could easily, as now and heretofore, avoid it. If, on the contrary, the step forward were a long one, a corresponding breadth of construction would be given the patent and infringers would beware correspondingly. Such a statute, if passed, would be the longest step that could be taken to redeem patents from the hopeless position they are in now. It would relieve the courts from the burden of trying to resolve the unending conflict of evidence and argument over the state of mind of the man skilled in the art.

#### DISPOSITION OF PATENT CASES BY THE COURTS

(By Hon. Evan A. Evans)<sup>1</sup>

I have been making a study of the disposition of patent cases in this and in other circuits. Herewith are set forth, in the form of tables and conclusions the result of this study. They may be of interest to you.

One table shows the number of patent cases heard in each circuit during the past 5 years. Likewise I have endeavored to express the disposition of the cases

<sup>1</sup> U. S. Circuit Court of Appeals, Seventh Circuit. Letter to the Patent Bar of Chicago.



in percentage figures. You, members of the patent bar, know better than I, what kind of patents (clear, doubtful, or hopeless) reach the courts of appeals. I have often been told that only the doubtful, or the weak, patents get into litigation; that the outstanding patents which the trade recognizes and to which royalty payments evidence real tribute, are seldom contested. If this be so, any study of courts' reactions, that is, the courts' disposition of patent suits, is not of much informative value.

It would seem that the suits which reach the Supreme Court and which turn on the issue of invention are doubtful, for nearly all such suits are taken by that Court because of conflict of holdings of different circuits.

Of course, a longer period of study, say 40 years, would be much more valuable. Even then, if distinctive trends (pro or against patent validity) were shown, deductions could be attributable to different causes.

However, for whatever worth you may give it, I have prepared a second chart to show trends (volume and disposition) of patent cases which have reached the Supreme Court in the last 40 years.

I thought it would be of special interest if we compared the percentages of holdings on validity and also on infringement of the various circuit courts of appeals, with special emphasis on the decisions of the second and seventh circuits, which, together, dispose of 41.5 percent of all patent cases heard in the United States. In the second circuit, 15.09 percent and in the seventh circuit, 18.29 percent were held valid and infringed. Of the patents rejected as invalid or not infringed, the figures are: Second circuit, 72.64 percent and seventh circuit, 79.02 percent.

Herewith is the chart showing the records of the various circuits.

*Patent opinions in the circuit courts of appeals, October 1936 to March 1941*

Circuits	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Tenth	District of Columbia	Total
Total patent opinions:												
Number	14	106	64	20	19	68	82	21	46	18	4	462
Percent	100	100	100	100	100	100	100	100	100	100	100	100
1. Valid and infringed:												
Number	5	16	11	3	0	12	15	4	6	2	0	74
Percent	35.7	15.1	17.2	15	-----	17.0	18.3	19	13	11.1	-----	16.01
2. Valid; not infringed:												
Number	1	2	0	0	0	1	3	1	2	2	0	12
Percent	7.1	1.9	-----	-----	-----	1.5	4.6	4.8	4.3	11.1	-----	2.59
3. Total valid (1 plus 2):												
Number	6	18	11	3	0	13	18	5	8	4	0	86
Percent	42.8	17	17.2	15	-----	19.1	22.9	23.8	17.4	22.2	-----	18.60
4. Total invalid:												
Number	7	58	34	12	16	33	53	8	20	8	1	250
Percent	50	54.7	51.3	60	84.2	48.5	64.6	38.1	43.5	44.4	25	54.11
5. Opinions holding patent part valid, part invalid:												
Number	0	10	7	1	0	8	3	1	4	1	0	35
Percent	-----	9.4	10.9	5	-----	11.8	4.6	4.3	8.7	5.3	-----	7.57
6. Validity not in question, infringed:												
Number	0	3	0	0	0	0	0	1	0	1	2	7
Percent	-----	2.8	-----	-----	-----	-----	-----	4.8	-----	5.3	50	1.51
7. Validity not in question, not infringed:												
Number	1	17	12	4	3	14	8	6	14	4	1	84
Percent	7.1	16	18.7	20	15.8	20.6	9.7	28.6	30.4	22.2	25	18.18
8. Total infringed (1 plus 6):												
Number	5	19	11	3	0	12	15	5	6	3	2	81
Percent	35.7	17.9	17.2	15	-----	17.6	18.3	23.8	13	16.4	50	17.53
9. Total invalid or not infringed (2 plus 4 plus 7):												
Number	9	77	46	16	19	48	64	15	36	14	2	346
Percent	64.2	72.6	70.1	80	100	70.6	79	71.4	78.2	77.8	50	74.88
Rank according to number of opinions	10th	1st	4th	7th	8th	39th	29th	6th	5th	9th	11th	

A special study of cases decided by the seventh circuit for the same period is herewith attempted:

	Number of patent opinions	Percent
Total.....	82	
Number of patents held valid.....	18	21.95
Number of patents held invalid.....	53	65.85
Number of patents held part valid, part not.....	3	4.64
Validity not questioned; infringement questioned and denied.....	8	8.77
Number of patents held valid and infringed.....	15	18.29
Number of patents held invalid or not infringed.....	61	74.39

The average in all circuits shows 16.01 percent upheld and 74.88 percent invalid or not infringed.

That patents find harder sledding in the Supreme Court is shown by the figures covering 40 years which are 14.28 percent held valid and infringed as against 15.09 percent in the second, 18.29 percent in the seventh, and 16.01 percent in all the circuits. The total number of cases disposed of by the Supreme Court on the factual issues of validity and infringement is relatively very small.

*Decisions of Supreme Court, October 1936 to March 1941*

	Opinions	Percent
Total.....	15	
Invalid.....	13	86.66⅔
Validity not questioned.....	2	13.33⅓
Not infringed.....	15	100
Valid.....	None	
Infringed.....	None	

The figures which show the number of patent cases in each of the circuits for the period beginning October 1, 1936, and ending March 1941, are interesting. They are at least definitely informative. We find the number of patent appeals presented in this 5-year period to be:

Second circuit.....	106	Eighth circuit.....	21
Seventh circuit.....	82	Fourth circuit.....	20
Sixth circuit.....	68	Fifth circuit.....	19
Third circuit.....	64	Tenth circuit.....	18
Ninth circuit.....	46	First circuit.....	14

The total number of appeals in all circuits is 458, or an average of 92 a year.

As bearing upon the question of the need of a special court for patent appeals the foregoing figures are helpful. Particularly is this so if said special court is to take the form wherein the Chief Justice assigns judges of the circuit court of appeals to sit in said special court for a period of 2 years, to be followed by the assignment of other circuit judges.

It would seem that we have today, in everything save a name, special courts of appeals for patent cases far more than is generally supposed. In other words, the second, seventh, and the sixth circuits disposed of 256 of the 458 cases in the 5-year period. If we add to these three, the third circuit, we have in these four circuits, a court of patent appeals which handles approximately three-fourths of all patent appeals in the United States.

The intimation that patent litigation is never ended under present practices is rather completely disproved by these figures. In view of the preponderance of cases in these three or four circuits, there is not much room for the criticism of delays due to conflicting opinions. I doubt if there is as much as a single case a year wherein there are conflicts.

Confirming this conclusion is the rarity of a case reaching the Supreme Court, taken by that Court because of diversity of opinion among the circuits on the issues of validity and infringement. Bearing in mind that such cases usually reach the Supreme Court where there is a conflict, and assuming that all cases

where conflicts arise are taken to the Supreme Court, I find the number is so small that the argument that patent litigation is endless, at the present time, must, if it be true at all, be due to causes other than conflicting opinions of the circuits. Further, it is apparent that the length of patent litigation would be little helped, by the creation of a single appellate court of patent appeals.

Basing my conclusion on a study of the Supreme Court cases, I would say that the number of conflicts arising among the 10 circuits does not amount to more than 1 a year.

The tables seem to me to emphasize what I have not fully realized before namely, the finality of the decisions of four circuit courts of appeals in patent, suits, where invention and infringement are the determinative issues.

Turning now to a survey of the patent cases in the Supreme Court from 1900 to 1940, the study (and chart) covers the opinions in volumes 177 to 311, inclusive.

During that period the Supreme Court handed down written opinions in 91 cases. This is an average of a little over two (2.27) a year. Broadly speaking, I found that there were 50 cases wherein the patents were held invalid. This was 54.94 percent of all the cases. In 18 cases the decision favored noninfringement, and validity was either not involved nor limitedly handled. The percentage held noninfringed was 19.78 percent. The total percentage of appeals wherein the patents were found to be invalid or noninfringed was 74.72 percent. Twenty-three cases held patents valid and infringed, or a percentage of 25.27.

The following table of the same Supreme Court decisions breaks down these percentages into 5-year periods:

Years	Total	Valid	Invalid	Not Infringed	Total, Invalid and noninfringed
		<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1900-05.....	9	2-22.22	3-33.33	4-44.44	7-77.77
1905-10.....	7	3-42.86	1-14.28	3-42.86	4-57.14
1910-15.....	4	4-100	0-0	0-0	0-0
1915-20.....	16	5-31.25	9-56.25	2-12.50	11-68.75
1920-25.....	14	3-21.43	8-57.14	3-21.43	11-78.57
1925-30.....	12	3-25.00	5-41.67	4-33.33	9-75.00
1930-35.....	14	3-21.43	11-78.57	0-0	11-78.57
1935-40.....	15	0-0	13-86.67	2-13.33	15-100

I prepared these tables and made this study for two purposes. First, I wanted light upon the advisability or need of a special court of appeals for dispositions of patent suits. Second, I wanted to know whether the trend of the courts was strongly against patents on the issue of patentable invention, as asserted by some patent lawyers.

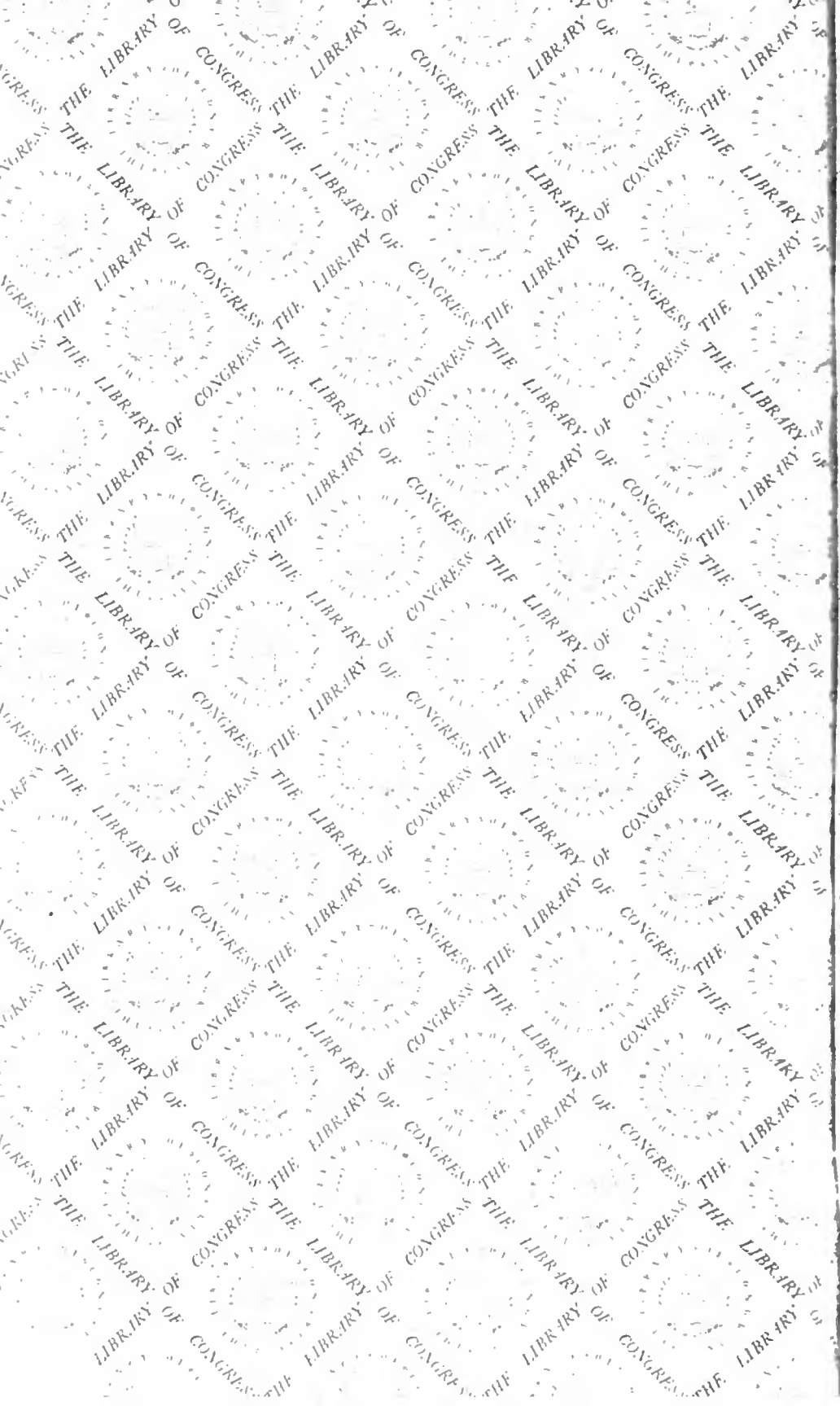
My conclusions are: On the question of trends in respect to the existence of patentable invention, the statistics are not sufficient, and I am much in the dark, as to whether the patents presented to the Court are the important, worth-while patents which have greatly influenced industry in the United States, or whether they are the doubtful and less important patents which deal with narrow improvements. I am convinced that the judicial opinions of the circuit courts of appeals do not justify the conclusion that a meritorious discovery of wide-reaching effect on industry, is viewed less favorably today than 40 years ago.

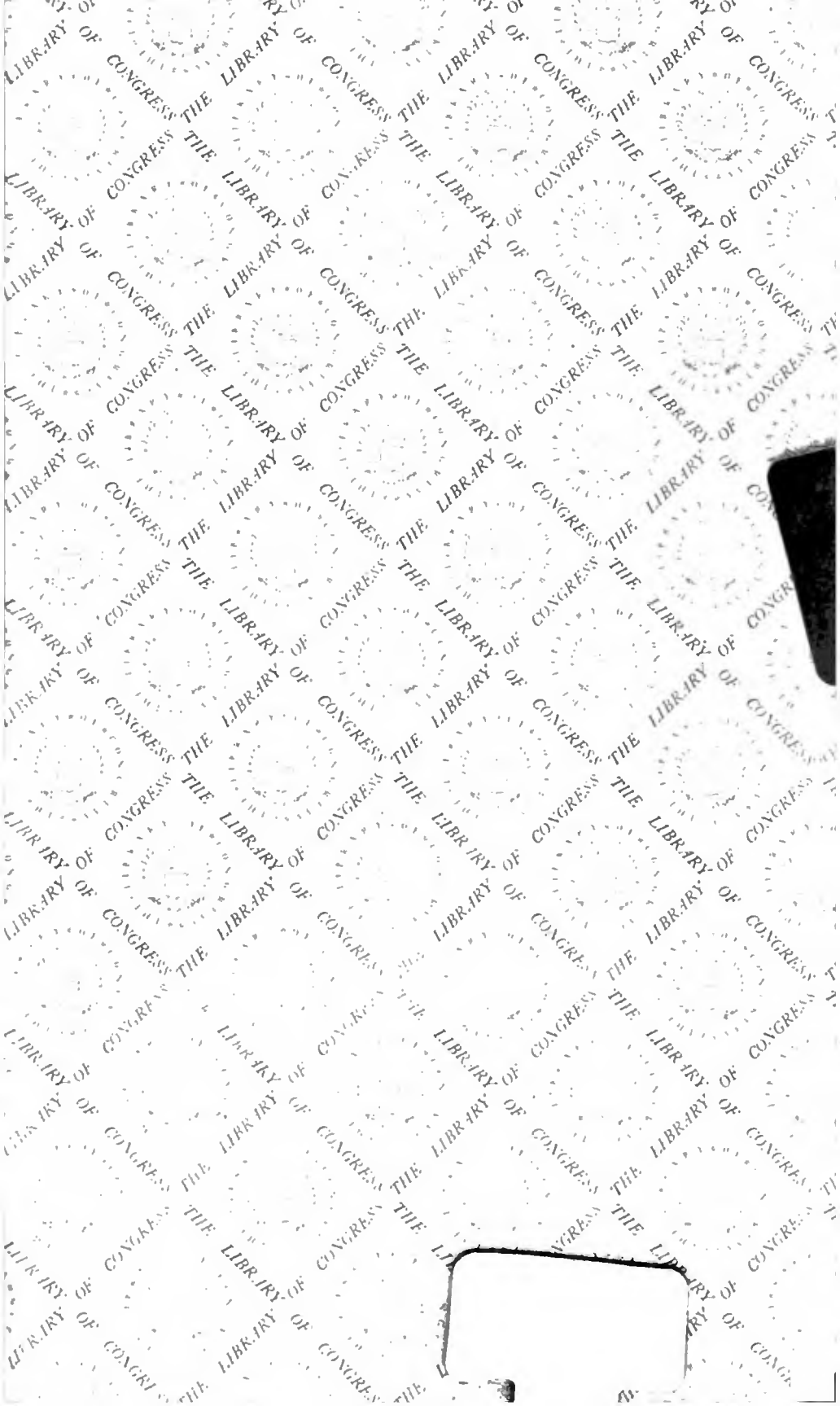
To this last statement there is this exception. The record of the Supreme Court during the last 5 years indicates not only a decided trend but a raising of the standard of patentable novelty so high that few inventions or discoveries will meet the test. If this standard be maintained by that Court, it will surely reflect itself in the decisions of the circuit courts of appeals. For no matter how much larger the experience of the circuit judges, they will bow to the authority of the Supreme Court, even when they feel its decisions are harsh and unfair to inventors and their inventions and discoveries. However, far more important than the figures on results of litigation, is the study of the facts of each case to ascertain the character and nature of each invention or discovery under consideration. Moreover, for trends we must look to the decisions of the circuit courts of appeals where the life or death of 99 out of every 100 patents in litigation is determined.

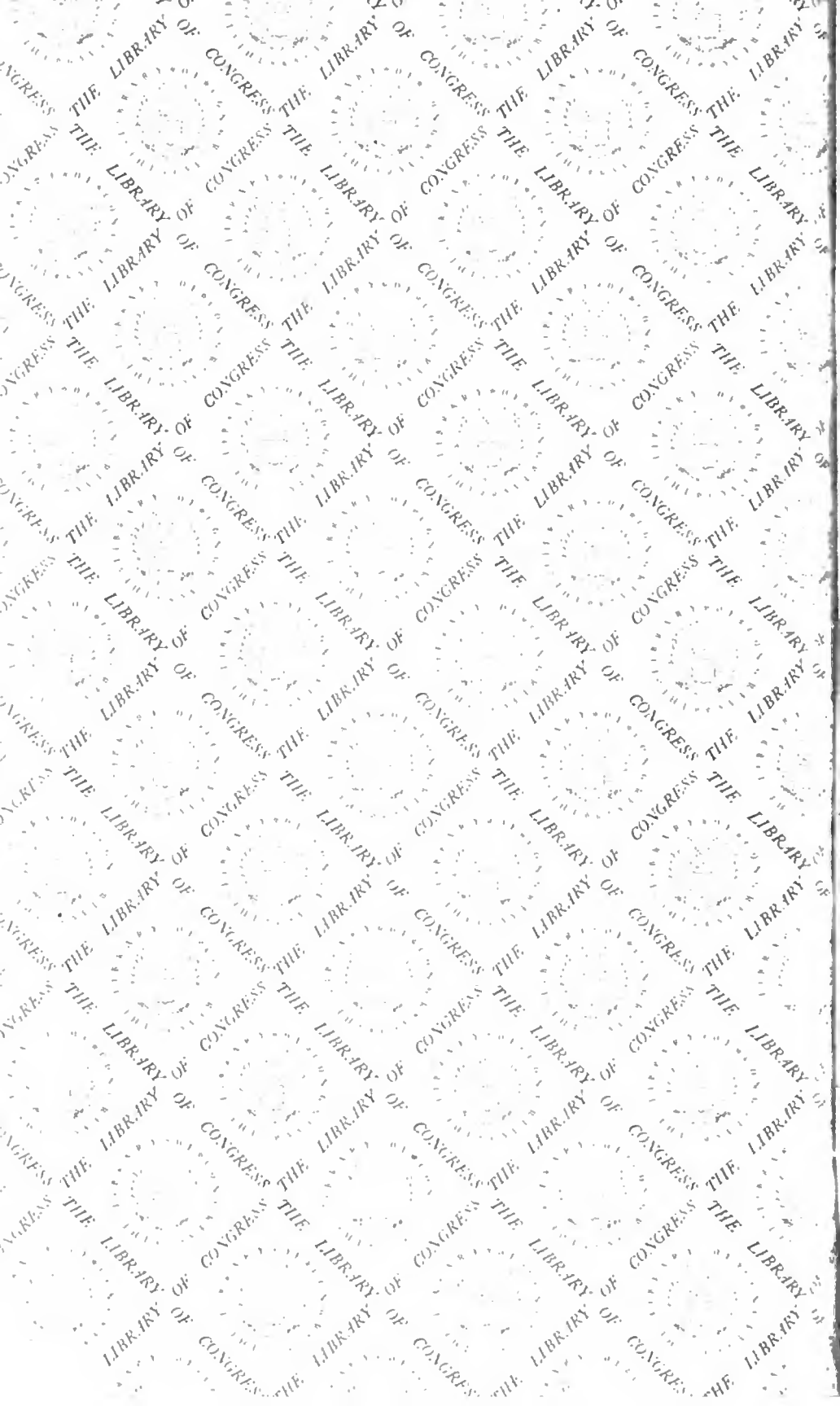
On the question of the need of a special appellate court to hear appeals in patent cases, the statistics seem to indicate there is no need for such legislation. The record does not support the view that different conclusions are reached in different circuits where issues are the same or similar, and thereby causing delays.



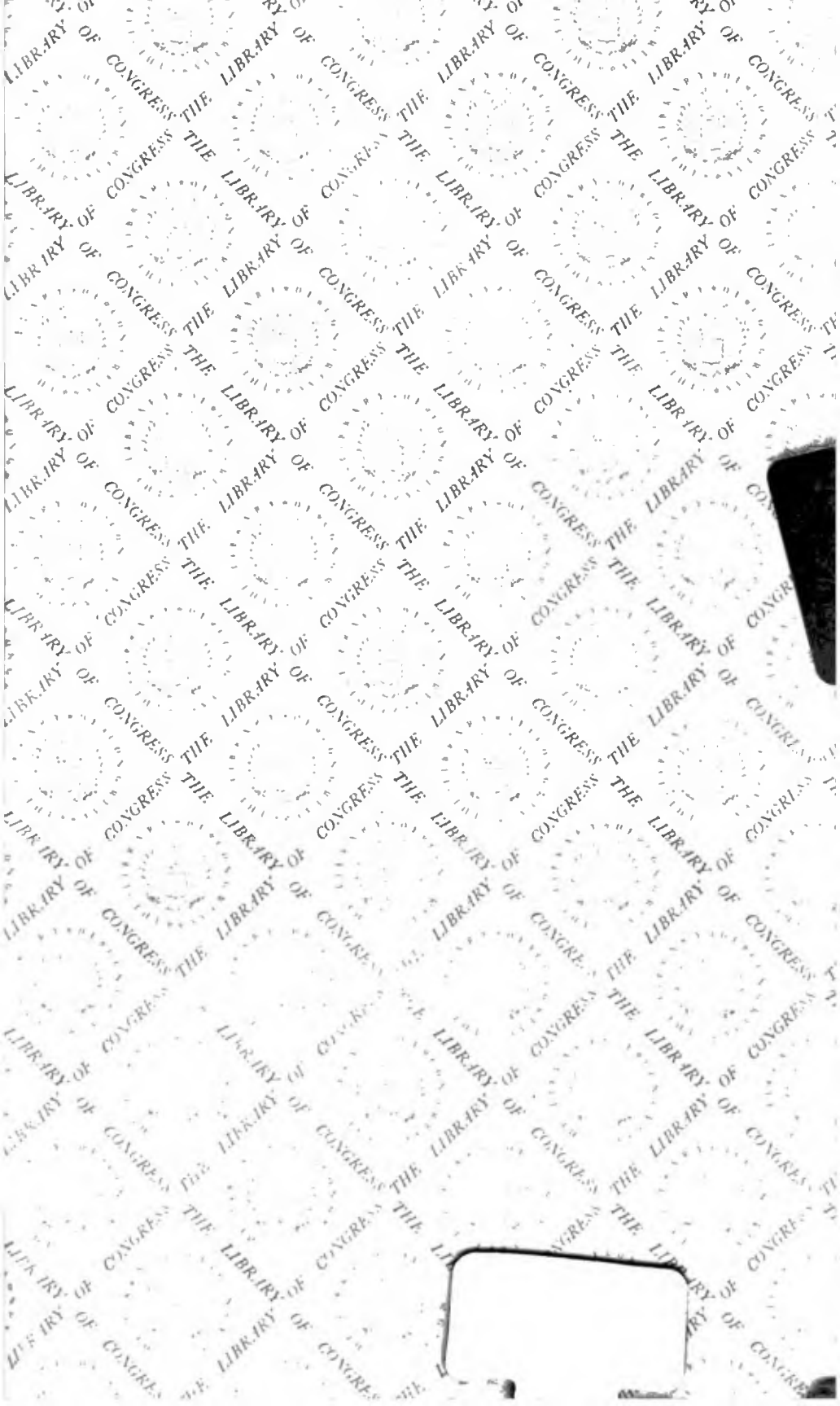












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